

VIRGINIA DEPARTMENT OF
ALCOHOLIC BEVERAGE CONTROL

ANNUAL REPORT 2016



Fiscal year 2016 was a very good year for Virginia ABC. We continued to provide excellent service to our retail and restaurant customers, expand our partnerships with vendors and brokers and open new and innovative stores. I credit the agency's dedicated and resourceful employees with generating nearly \$900 million in sales, making the year our 18th consecutive record-setting year.

Virginia ABC's gross sales increased to \$897.8 million, up \$49.7 million over the previous year, while profits rose to \$165 million, an increase of \$13 million. Retail sales grew 5.4 percent and sales to restaurants climbed 7.4 percent during the same timeframe.

ABC profits combined with state and general sales taxes as well as wine and beer taxes resulted in an all-time high of \$433 million transferred to Virginia's general fund—\$24 million above last year's contribution. A major source of revenue for the Commonwealth, Virginia ABC has contributed more than \$9.5 billion to the general fund since 1934 to support state services, including substance abuse prevention and treatment.

The agency's strong financial performance during the fiscal year is in part due to the opening of eight new stores across the state, generating \$4.3 million in sales. ABC's strategy to continue to grow its store portfolio is a major component of its consistent revenue growth. ABC also oversaw eight store remodels and ten store relocations to improved market areas, enhancing customer service and accessibility. Sunday sales continued to play a role in the rising revenue, increasing by \$3.2 million or 6.5 percent to \$53 million.

Among our notable achievements for the year was the launch of the agency's Spirited Virginia brand which encompasses a 68-page color quarterly magazine, a monthly e-newsletter and a product-oriented Facebook page. At fiscal year end, magazine circulation had tripled to 42,000 copies and e-newsletter subscribers had nearly doubled to 11,615 readers. The Spirited Virginia Facebook page had more than 1,400 likes.

Our agency's other social media accounts continued to grow in popularity as well with more than 7,800 Twitter followers and nearly 4,200 likes on Facebook.

Other noteworthy milestones included the opening of our fourth premier store. Located in Richmond's Short Pump area, this 6,000 square foot store is one of the agency's largest. The store décor reflects Richmond's rich history with dramatic white, Ionic columns evocative of the Virginia State Capitol colonnade, exposed brick and vintage sepia photographs of Richmond's cityscape. Displays of antique jugs and whimsical black and white photographs of tipplers from a bygone era provide a decorative nod to the Commonwealth's history of alcoholic beverages.

Our Bureau of Law Enforcement earned its initial accreditation from the Virginia Law Enforcement Professional Standards Commission (VLEPSC) and became one of less than 100 accredited law enforcement agencies in the state. This accreditation supports an ongoing culture of professionalism and accountability among our special agents.

Building on a very new partnership with the Virginia Tourism Corporation, we were pleased to see the passage of House Bill 323, which permits ABC to sell "Virginia Is For Lovers" trademarked merchandise in our stores. Other legislation, HB 322, was also passed which permits summary suspensions and enables the agency to take swift action against a licensee for specific public safety issues at licensed establishments.

Lastly, we began a very important transition process that will transform Virginia ABC from an agency to an Authority effective July 2018.

Virginia ABC remains committed to providing a consistent source of income for the Commonwealth and focusing on the public safety concerns of its citizens.



ABC Board Chairman Jeffrey L. Painter

Our agency
continues to be a
major source
of revenue
for the Commonwealth,
contributing more than
\$9.5 billion to the
general fund since 1934
to support state services,
including substance abuse
prevention and treatment.

2016 KEY AGENCY HIGHLIGHTS

Number of Stores	359
Total Employees	3,278
ABC Retail Licenses	18,947
ABC Profit Transfers	\$164,888,413
Active Items on Price List	2,581
Total Gross Sales	\$897,793,610
Total Transfer to the Commonwealth	\$433,434,635

Executive Information	4
Legislative Synopsis	5

DEPARTMENTAL HIGHLIGHTS

Bureau of Law Enforcement	8
Communications	9
Education and Prevention Section	10
Financial Management Services	12
Hearings, Appeals and Judicial Services	13
Human Resources	14
Information Technology	15
Internal Audit	15
Licensing Records Management	16
Logistics	16
Marketing	17
Policy, Planning and Analysis	17
Procurement	18
Real Estate and Facilities Management	18
Retail	19
Web and Digital Unit	22

VIRGINIA ABC AT A GLANCE

12, 21, 22, 39, 67, 72

NOTES FROM THE TOP SHELF

7, 23, 38, 71

FINANCIAL REPORTS

24

A Message from the Chairman and Chief Operating & Financial Officers	24
Financial Results in Brief, Fiscal Year 2016	24
Sales of All Beverages, Fiscal Year 2016	24
Comparison of Products Sold/Market Share, Fiscal Year 2016 vs. Fiscal Year 2015	25
Analysis of Store Performance, Fiscal Year 2016	26
Analysis of Distillery Store Performance, Fiscal Year 2016	26
2015 Establishments by License Category—Cities	35
2015 Establishments by License Category—Counties	36

FINANCIAL STATEMENTS TABLE OF CONTENTS

39



VIRGINIA DEPARTMENT OF
ALCOHOLIC BEVERAGE CONTROL

VIRGINIA ABC VISION

To enhance the quality of life for Virginia's citizens by balancing service, revenue and control in the distribution, sale and consumption of alcoholic beverages.

VIRGINIA ABC MISSION

To control the distribution of alcoholic beverages; operate efficient, conveniently located retail outlets; enforce the laws of the Commonwealth pertaining to alcoholic beverages and youth access to tobacco products; and provide excellent customer service, a reliable source of revenue and effective public safety.

Cover photos (clockwise): Students in the Hampton Roads region participate in Project Sticker Shock, a community awareness program designed to prevent people 21 and older from purchasing alcohol and providing it to underage individuals.

Left to right: Commissioner Judy Napier, Chairman Jeffrey Painter and Commissioner Henry Marsh comprise the Virginia ABC Board.

Davon Fryar-Frazier utilizes a handheld iPod scanner as he inventories bottles on the shelves of Fairfax Store 084. Every store's system was updated with new POS software to keep ABC in line with Commonwealth security requirements.

The staff of the Short Pump Premier Store 331 with Regional Manager Levi Heaton, far left, gather during the store's grand opening ceremony.

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ABC BOARD

Board Chairman Jeffrey L. Painter
 Commissioner Judy G. Napier
 Commissioner Henry L. Marsh III

EXECUTIVE STAFF

Chief Operating Officer, Secretary to the Board Travis G. Hill
 Special Policy Advisor for Law Enforcement Ryant L. Washington
 Chief Financial Officer Paul Van Lenten Jr.
 Deputy Secretary to the Board S. Christopher Curtis
 Chief Communications and Research Officer W. Eddie Wirt

DIVISION DIRECTORS

Bureau of Law Enforcement Operations Shawn P. Walker
 Communications Rebecca V. Gettings
 Financial Management Services Barry M. Wenzig
 Hearings, Appeals and Judicial Services John Patrick Griffin
 Human Resources Crystal W. Stephenson
 Information Technology Services Paul Williams*
 Internal Audit Nannette Williams*
 Logistics Ronald L. Dew
 Marketing John L. Shiffer
 Procurement and Support Services Debra C. Corley
 Real Estate and Facilities Management Susan W. Johnson
 Retail Operations C. Wilson Jones

* All Board members, executive staff and division directors served throughout the fiscal year with the exception of the following: Paul Williams became Interim Chief Information Officer in April after Stephen Fox's departure in March 2016. Nannette Williams was promoted to Internal Audit Director after John Wszelaki's retirement in February 2016.



Governor Terry McAuliffe



Secretary of Public Safety and Homeland Security Brian J. Moran

LEGISLATIVE SYNOPSIS

NEW ALCOHOL-RELATED LAWS—Effective July 1, 2016

Two pieces of legislation proposed by Virginia ABC became effective on July 1, 2016. House bill (HB) 322 enables ABC to take swift action against a license for specific public safety issues at licensed establishments. HB 323 expands available merchandising opportunities with the “Virginia Is for Lovers” trademark. Both bills were passed by the General Assembly earlier this year and signed into law by Governor Terry McAuliffe.

SUMMARY SUSPENSION

HB 322. The new law enables Virginia ABC to take immediate action against a licensee in limited instances involving an imminent threat to public safety involving serious injury or bodily harm on the licensed premises or on property immediately adjacent thereto. This law helps speed action against licensees posing an imminent threat to public safety and enables Virginia ABC to be more responsive to community concerns regarding such establishments.

VTC PARTNERSHIP

HB 323. This law permits Virginia ABC to sell more than spirits, Virginia wine and mixers in its retail stores as a result of a partnership with the Virginia Tourism Corporation. This new law provides options for Virginia ABC to cross-promote and provide unique items branded with the “Virginia is for Lovers” trademark.

Other passed legislation that impacts Virginia ABC and its stakeholders includes:

STORE OPERATING HOURS

HB 29 & HB 30. As part of the final budget, Virginia ABC retail stores may open an hour earlier on Sundays (noon) and may also be open on New Year’s Day.

PERFORMING ARTS FACILITY LICENSE

HB 226, HB 755 & SB 154. This law allows the sale of mixed beverages at certain performing arts facilities in the cities of Richmond, Norfolk and Waynesboro.

VIRGINIA CIDER TAX

HB 654 & SB 569. This law adds the clarification that a portion of the tax collected on cider produced by Virginia farm winery licensees is to be transferred to the Virginia Wine Promotion Fund.

CORKAGE FEE

HB 706. This law adds beer and cider to the list of alcoholic beverages that may be consumed by customers on the premises of any restaurant with an ABC license, provided the alcoholic beverage has been lawfully acquired and is brought onto the premises by the patron in a sealed container. This law also allows the licensee to charge a corkage fee to the customers who wish to bring their own wine, beer or cider on to the licensed premises for consumption.

(continued)



HB 323: Virginia ABC may now sell more than just spirits resulting in

a partnership with Virginia Tourism Corporation.



Per HB 706, Licensees are now allowed to charge corkage fees to customers that bring their own wine, beer or cider for consumption on licensed premises.

ESTABLISHMENT LOCATIONS FOR FARM WINERY, LIMITED DISTILLERY AND LIMITED BREWERY

HB 879, SB 578 & SB 579. These laws modify the permissible locations for farm wineries, limited distilleries and limited breweries to “land zoned agricultural.” This means land zoned as an agricultural district or classification or land otherwise permitted by a locality for farm winery, limited distillery or limited brewery use. This zoning designation does not include land zoned “residential conservation.”

FARM WINERY TRADING

SB 758. This law makes it easier for a winery to exchange agricultural products for the purposes of making a variety of wines while not putting at risk its farm winery designation. Wineries can use grapes grown onsite to satisfy the farm winery requirement, but then exchange those grapes for a different variety in order to make different wines.

DISTILLERY TASTINGS

HB 1350 & SB 536. This law increases the total amount of distilled spirits served as tasting samples at an ABC distillery store location to 3 ounces with no single sample exceeding ½ ounce per spirits product unless served as a mixed beverage cocktail, in which case a single sample may contain up to 1½ ounces of spirits. The law also requires the distillery to develop a method to track consumption of each customer participating in a distillery store tasting.

ADDITIONAL MIXED BEVERAGE LICENSE

SB 126. This law creates an additional mixed beverage license for the Kanawha Valley Arena Resort in the town of Dugspur, without requiring a local referendum.

ADDITIONAL WINE AND BEER LICENSE

SB 695. This law creates an additional retail on-premise wine and beer license for a concert and dinner-theater venue in the town of Natural Bridge Station.

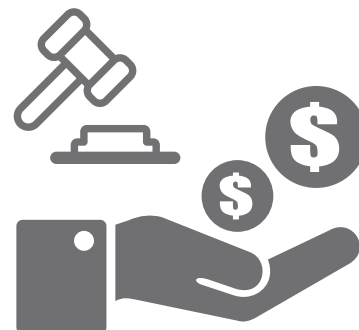
AGENCY LIABILITY

SB 746. This law entitles a person who contests an agency action in a civil case brought under the Administrative Process Act and who substantially prevails on the merits of the case to recover reasonable costs and attorney fees from that agency if the agency action was in violation of law or was for an improper purpose. The award of attorney fees is limited to \$25,000.

HB 879, SB 578 & SB 579 laws modify the permissible locations for farm wineries, limited distilleries and limited breweries to “land zoned agricultural.”



SB 746. A person who substantially prevails on the merits of a contested case **may recover reasonable costs and attorney fees from that agency** if the agency action was in violation of law or was for an improper purpose.





A thorough inspection
and review of agency policies,
procedures, processes and
operations as defined by
190 stringent standards.



(Top): VLEPSC Chairman and Brunswick County Sheriff Brian Roberts presents ABC's certificate of initial accreditation to Chief Operating Officer Travis G. Hill (left) and Special Policy Advisor for Law Enforcement Ryant Washington (right).

(Above): An assessment team evaluated Virginia ABC's operations in four performance areas during the three-day visit to the agency in September.

Bureau Earns VLEPSC Accreditation

Virginia ABC's Bureau of Law Enforcement earned its initial accreditation from the Virginia Law Enforcement Professional Standards Commission (VLEPSC) on December 1, 2015. The Commission, a panel of police chiefs and sheriffs from across the state, voted unanimously for the accreditation award.

With this accreditation, the Bureau joined an elite group of less than 100 accredited law enforcement agencies in the Commonwealth.

Governor Terry McAuliffe said he was pleased that Virginia ABC's Bureau of Law Enforcement took this important step in the agency's effort to keep Virginians safe in the most professional and credible manner. He added that as states across the nation grapple with the difficult issues of trust and cooperation in community law enforcement he is proud that Virginia is leading the way in responsible enforcement.

The accreditation program, administered through the state's Department of Criminal Justice Services, is a thorough inspection and review of agency policies, procedures, processes and operations as defined by 190 stringent standards.

An independent panel of certified assessors carefully evaluated the Bureau against established criteria in four performance areas including administration, operations, personnel and training. During the review, this team of independent law enforcement professionals inspected files, collected incident reports and photos, conducted interviews and observations and reviewed activities, equipment and facilities. The assessment culminated in a three-day visit to the agency in September for a final check to ensure policy and practice compliance in all areas. Assessors also visited several of the Bureau's nine regional enforcement offices.

Earning accreditation not only supports an ongoing culture of professionalism and accountability but also completes one of the significant recommendations made to the Governor by the ABC Law Enforcement Expert Review Panel.

Virginia ABC Special Policy Advisor for Law Enforcement Ryant Washington said the accreditation was a source of pride for the agency and an asset for residents of the Commonwealth. The accreditation process provided an important framework for professional self-inspection. It increased the effectiveness of the Bureau's policy development and the efficiency of its delivery of services.

Accreditation promotes public confidence in law enforcement as a whole. Virginia ABC Chief Operating Officer Travis Hill said the designation is indicative of the agency's continuing commitment to maintain a professional law enforcement organization that holds its agents, management and staff to a higher standard.

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

BUREAU OF LAW ENFORCEMENT

The Bureau of Law Enforcement is charged with enforcing the alcoholic beverage control laws and regulations governing the manufacture, distribution, sale and consumption of alcoholic beverages and tobacco while utilizing innovative educational and community partnerships. More than a hundred sworn special agents supported by 30 civilian staff conducted field operations out of nine regional offices situated throughout the Commonwealth and one satellite office in Abingdon.

Approximately 70 percent of agent activity was spent on regulatory compliance conducting background investigations, license suitability and inspections of licensed establishments. ABC continued its commitment to the safe sale of alcohol and tobacco especially to legally aged individuals. Approximately 30 percent of agent activity was focused on underage access to alcohol and tobacco, citizen complaints of violations, over service of patrons by establishments and other investigations directly related to industry business practices.

Staff from the Bureau's licensing, compliance and administrative units served as liaisons to breweries, distilleries and wineries; informed and interacted with manufacturers, importers and distributors; collected Virginia state taxes; processed invoices and renewals; conducted alcohol-related training about state ABC laws; and maintained records for businesses with ABC licenses and individuals seeking licenses related to alcohol sale and consumption at private special events.

ABC remained committed to innovative and progressive training. The Bureau's Training Division conducted 927 hours of training. This training, conducted by enforcement's DCJS certified in-service police academy, provided training to all Bureau of Law Enforcement sworn personnel and continues to emphasize cultural diversity, positive interactions with youth, licensee/regulatory investigations, and legal applications. Training was also provided to ABC civilian personnel, sworn personnel from outside law enforcement agencies and civilian stakeholders from around the Commonwealth.

The most impressive accomplishment of this year was Virginia ABC's Bureau of Law Enforcement earning its initial accreditation from the Virginia Law Enforcement Professional Standards Commission (VLEPSC) on December 1, 2015. (Read more on the previous page 7). With this accreditation, the Bureau joined an elite group of less than 100 accredited law enforcement agencies in the commonwealth.

Sworn Enforcement Personnel Demographics

White / Caucasian	71 (86.6%)
Black / African American	7 (9%)
Hispanic	0 (0%)
Asian / Pacific Islander	2 (2.4%)
American Indian / Alaskan native	2 (2.4%)
Total filled sworn positions	82
Non-minority (%)	86.6
Minority (%)	13.41

Professional Standards Summary

Internal Affairs Investigations conducted (1)	12
Citizen Complaints	1
Agency initiated	11

Findings

Justified	1
No further Action, citizen request	1
Not Substantiated	1
Substantiated	6
Pending	3

(1) Includes one use of force investigation.

Law Enforcement Activity

Criminal Incidents	3,373
Arrests	431
Illegal still investigations	41
Inspections of licensed establishments	11,607
Observations of licensed establishments	7,090*
Underage Buyer (UAB) compliance checks	3,619
Written warning reports	2,363
Written violation reports	507
Wine, beer and mixed-beverage application and state license fees collected	\$13,508,163.57

*In the end of 2015, the Bureau initiated a targeted enforcement effort which required each licensee to be observed twice to insure all food qualifications were being met. The results of that initiative are included in this FY 16 report and attribute to the increase from FY 15.

Tobacco Compliance

Synar compliance rate, May 1–September 30, 2015 (%) (1)	85.81
Total tobacco checks by ABC agents (2)	756
FDA retail compliance check inspections (3)	3,985

(1) FY 15: 90.93 percent. Virginia ABC special agents conducted random, unannounced Synar inspections on behalf of the Virginia Department of Behavioral Health and Development Services (DBHDS).

(2) FY 15: 692 checks. This includes attempted visits found not suitable for an underage buyer check.

(3) FY 15: 1,620. The Bureau of Law Enforcement's 30 FDA-commissioned tobacco inspectors conducted tobacco retail inspections on behalf of the Food and Drug Administration (FDA), Center for Tobacco Products (CTP).

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

COMMUNICATIONS

The Communications Division is responsible for internal and external communications, media relations, photography and graphic design. Utilizing tools such as news releases, e-newsletters, printed collateral, social media, website content, SharePoint Mixer postings and more, the division is committed to providing accurate and timely communications to the agency's 3,278 employees, its customers, the media and other stakeholders.

In the area of media relations, Communications wrote and distributed 114 news releases, responded to 552 media inquiries and provided talking points for numerous interviews. The division also drafted speeches for more than a dozen board appearances, planned and executed nine store grand opening events and wrote, edited and designed collateral pieces including posters, brochures, booklets and direct mail pieces.

The division supported the agency's Mixer intranet platform by developing and posting more than 260 articles on ABC Now (the agency's internal newsletter) and managed the agency's social media by posting regularly on Facebook and Twitter. Fiscal year 2016 saw a growth of 1,710 new Twitter followers for a total of 6,082. The agency's tweets earned 1.7 million impressions. Virginia ABC's Facebook page garnered an additional 716 likes for a total of 4,166 followers. The top performing post on February 18, 2016, was a photo of a deer inside the agency's Clifton Forge store. The reach (number of people our content was viewed by) for this post accounted for 70,828 of the 72,638 total for the fiscal year. (The average reach per post ranged from 630 to 1,175.)

The division successfully launched a new digital newsletter for licensees in January with nearly a 600 percent growth in subscribers between the first and second issues. An open rate of 85.5 and a click rate of 29.8 percent, wildly surpassed the industry standard rates of 15.8 and 2 percent respectively.

Also new on the scene was the agency's new flagship magazine *Spirited Virginia*. Communications published the inaugural issue of the 54-page color publication in July 2015 with subsequent quarterly issues following. The magazine included feature stories and beautiful photography on distilled spirits, cocktail recipes and the agency's quarterly price list.



70,828 PEOPLE
SAW THE SURPRISE VISITOR TO THE
CLIFTON FORGE STORE VIA FACEBOOK

Communications provided photography support for the agency by producing hundreds of images for printed and digital use. More than 360 color images were published in a variety of media including posters, the *Spirited Virginia* magazine, social media and throughout the agency's redesigned website.

The division also generated content and provided extensive support in uploading content and images to the website.

(Below) In May, Communications was recognized by the Richmond Chapter of the Public Relations Society of America for its award-winning fiscal year 2015 Annual Report: *Connecting With Customers*.



1.7 MILLION
TWITTER IMPRESSIONS

552
MEDIA
INQUIRIES

600%
GROWTH

IN SUBSCRIBERS
DURING THE
FIRST QUARTER OF THE LICENSEE E-NEWSLETTER



DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

EDUCATION & PREVENTION SECTION

The mission of the Education and Prevention Section (EPS) is to eliminate underage and high-risk drinking by building the capacity for communities to educate individuals and prevent alcohol misuse. The section works to accomplish this by providing alcohol education and prevention information, trainings, conferences, grants and resources.

EPS believes that communities can be formed in a variety of settings and that community leaders can regularly and more effectively impact their community. Therefore, the section offers

prevention education, strategic planning knowledge, leadership skill building, resources, subject matter experts and partnerships. Virginia ABC also believes that a multi-faceted approach to alcohol education and prevention is more effective and should include individuals, families, licensees and communities. The agency offers education and prevention across the lifespan and is proud to provide programming for elementary schools, middle schools, high schools, college students and professionals, parents, those 21 and older, older adults and licensees.

Publications and Media

"Do Not Sell" sticker packets distributed to licensees	16,970
Education and Prevention publications distributed	27,679
AAAG PSA campaign reach (1)	4,219,000

Conferences and Trainings

Miss Virginia School Tour stops	38
Miss Virginia School Tour student participants	19,023
BOLT stops (2)	1
BOLT participants	40
YADAPP 2015 adult and student participants (3)	364
College Tour stops (4)	2
College Tour participants	142

- (1) AAAG "Best Is Yet to Come" PSA aired in the Richmond, Roanoke, Harrisonburg and Norfolk markets from June 20, 2016 – June 30, 2016.
- (2) BOLT stop was hosted by partners: Heritage High School, Lafayette High School, New Kent County High School, Surry County Office on Youth and West Point High School.
- (3) YADAPP annual summer conference held at Longwood University, July 20-24, 2015. Seventy five youth teams represented schools and communities across Virginia.
- (4) College Tour stops included: Norfolk State University and University of Virginia.



Wearing conference shirts, youth leaders at YADAPP 2015 share their excitement about choosing to be drug and alcohol free.

Licensee Training

Responsible Sellers & Servers: Virginia's Program (RSVP) classes	109
RSVP participants (statewide)	1,867
Managers' Alcohol Responsibility Training (MART) classes	27
MART participants (statewide)	379

Please see an explanation of all Education and Prevention programs on page 11.

Grants

YADAPP 2015 grants presented (1)	20
YADAPP 2015 grants disbursements	\$5,250
Alcohol Education and Prevention grants (2)	14
Alcohol Education and Prevention grants disbursements	\$84,821

- (1) These include both YADAPP mini-grants (\$250 each) and Wheeler Award (\$500). 2015 Wheeler Award recipient was Heritage High School in Newport News.
- (2) Alcohol Education and Prevention grantees: Blue Ridge Community College, Campbell County Youth Advisory Council, CHILL/Piedmont Community Services, FRESH Coalition of Franklin County, Longwood University, Radford Youth Adult Partnership, Rappahannock County Public Schools, Roanoke Children's Theatre, Inc., Substance Abuse Free Environment, Inc., Substance Abuse Taskforce in Rural Appalachia, Virginia Commonwealth University, Virginia State University, Washington County Prevention Coalition and Youth and Community Action Team of Virginia Beach.



Virginia First Lady Dorothy McAuliffe welcomed attendees at the 31st YADAPP conference.

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

EDUCATION & PREVENTION SECTION (continued)

The following is a list of the Education and Prevention Section programs offered. For more information, please visit www.ABC.Virginia.gov/Education or www.facebook.com/VirginiaABCEducationandPrevention, call (804) 977-7440 or email Education@abc.virginia.gov

MISS VIRGINIA SCHOOL TOUR

Miss Virginia travels across Virginia to elementary schools spreading a message of health, wellness, and prevention with students and teachers.

BEING OUTSTANDING LEADERS TOGETHER AGAINST DRUGS AND ALCOHOL

Provides drug and alcohol prevention knowledge to middle school students and their parents through regional community collaboration and high school peer leadership.

YOUTH ALCOHOL AND DRUG ABUSE PREVENTION PROJECT

A high school peer-led leadership conference equipping teens with a strategic plan and empowering them to keep their schools and communities alcohol and drug free.

COLLEGE TOUR

A series of regional stops that focus on promoting zero tolerance for underage drinking, social responsibility, collaboration, and leadership on college and university campuses in Virginia.

PROJECT STICKER SHOCK

Supplies are provided to community groups in an effort to decrease social providing. The project includes stickers being placed on alcohol packaging reminding buyers to not provide to minors and is done in conjunction with a press event to help raise awareness.

RESPONSIBLE SELLERS AND SERVERS: VIRGINIA'S PROGRAM / MANAGERS' ALCOHOL RESPONSIBILITY TRAINING

Trainings are held regionally and conducted by ABC Special Agents to help licensees become more responsible and to better understand Virginia laws, rules, and regulations.

ALCOHOL AND AGING AWARENESS GROUP

A statewide affiliate group that provides education, training, and resources to prevent the misuse of alcohol and medications as adults age.

VIRGINIA OFFICE FOR SUBSTANCE ABUSE PREVENTION

An organization that promotes collaboration among state and local agencies, organizations, coalitions, and faith communities that address substance abuse prevention.

GRANT PROGRAM

Alcohol Education and Prevention Grants assist community partners to develop and enhance initiatives related to alcohol education and prevention. Grant cycle is July–June with applications due in the Spring.

PUBLICATION SERIES

Alcohol education and prevention publications for a variety of age ranges including elementary school, middle school, high school, college, 21 years old and over, parents, older adults and licensees.

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

FINANCIAL MANAGEMENT SERVICES

The Financial Management Services Division is comprised of Accounting, Accounts Payable, Sales Audit, Financial Analysis/Budgeting, Payroll and Tax Management. Key functions include financial statements, financial forecasting/budgeting, internal controls, financial reviews, compliance and wholesaler tax collections. Specifically, Accounting provides timely and accurate financial reporting in accordance with generally accepted accounting principles, as well as maintains compliance with Agency Risk Management Internal Controls Standards (ARMICS), and provides support to distilleries; Accounts Payable accurately pays

the bills, while adhering to the Commonwealth Accounting Policies and Procedures Manual and ABC policies and procedures; Sales Audit balances all receipts of revenue collected at retail stores, regional offices and by the cashier; Financial Analysis provides sound counsel to the agency regarding the budget, the overall financial health of the organization, and the overall strategy regarding financial matters; Payroll processes proper payment of all ABC employees in compliance with all policies and regulations; Tax Management collects wine and beer taxes.

PAYROLL PRODUCED

25,319

SALARIED AND

57,533

WAGE PAYCHECKS AND
PROCESSED GROSS PAY TOTALLING OVER

\$79,094,536



TAX MANAGEMENT
PROCESSED

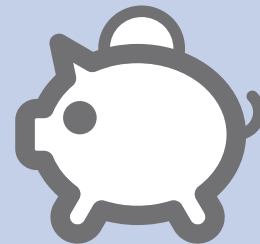
15,005

WINE AND MALT

BEVERAGE LABELS IN FY 2016 AND COLLECTED

\$83,807,399

IN EXCISE TAXES FOR
THE COMMONWEALTH



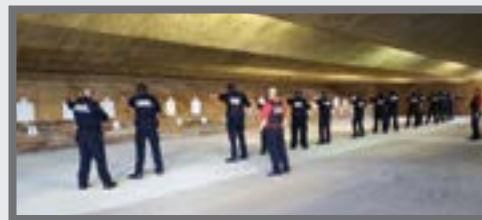
AGENTS COMPLETE BUREAU-WIDE TRAINING

Virginia ABC's Bureau of Law Enforcement conducted extensive training in June and July of 2015 for every special agent. The training was in response to Governor McAuliffe Executive Order 40 which called for the retraining of all Virginia ABC special agents in the areas of force, cultural diversity, effective interaction with youth and community policing.

The Bureau worked in conjunction with the Department of Criminal Justice Services to conduct the training for all agents in two, two-week sessions.

Training included instruction and discussions on dimensions of diversity, the impact of bias, positive law enforcement-citizen contacts, maintaining a commitment to positive service interactions, defining conflict and methods to navigate it, improving law enforcement and citizen satisfaction and partnerships with the community.

The Bureau completed the training more than a month earlier than the September 1 deadline.



Each training session was interactive with small group discussions, debates and video critiques, all of which created an environment with minimal lecturing. Special agents gave the hands-on approach to training positive reviews.

**VIRGINIA ABC
AT A GLANCE**

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

HEARINGS, APPEALS AND JUDICIAL SERVICES

The Hearings, Appeals and Judicial Services Division strives to provide fair, unbiased hearings and other dispute resolution options to ABC stakeholders including applicants, licensees and citizens throughout the Commonwealth. The division conducts four types of hearings: application hearings that resolve contested requests for ABC licenses; disciplinary hearings that determine if a licensee has violated an ABC law or regulation; summary suspension hearings that consider measures needed to protect the public safety; and franchise hearings that resolve disputes arising under distribution agreements between wine and beer manufacturers and their wholesalers.

Three alternate dispute resolution procedures are available. For disciplinary cases: initially, certain licensees may accept a consent settlement rather than go to a hearing; and later in the process, any licensee can submit an offer in compromise for the Board's consideration. Finally, mediation is an option in franchise cases.

Cases Referred for Hearings

Case Activity	Count
Violation/disciplinary reports	486
Contested applications	28
• Approved	12
• Denied	11
• Withdrawn before hearing (1) (2)	7
Contested banquet applications	6
• Approved	0
• Denied	2
• Withdrawn before hearing	4
Wine and beer franchise cases	20
Total hearings requested	540

- (1) Cases may be withdrawn or dismissed prior to a hearing but after docketing, or at the hearing for a variety of reasons, e.g., license surrendered; application withdrawn; settlement through mediation.
 (2) 178 cases were in process at the end of FY 15 and completed during FY 16.

Hearings Dispositions

Case Activity	Count	Percentage of Total Cases Received (%)
Settled by consent settlement offer	248	43.82
Heard by ABC Hearing Officer (1)	179	31.63
Settled by offer in compromise	71	12.54
Heard by ABC Board on appeal	49	8.65
Withdrawn or dismissed prior to hearing (2)	19	3.36
Total hearings dispositions (3)	566	100

- (1) 179 hearings were held on 249 charges/objections filed. Single cases with multiple charges are heard in one hearing. 66 of these were appealed to the Board for a second hearing.
 (2) Cases may be withdrawn or dismissed prior to a hearing but after docketing, or at the hearing for a variety of reasons, e.g., license surrendered; application withdrawn; settlement through mediation.
 (3) 178 cases were in process at the end of FY 15 and completed during FY 16.

All procedures are conducted fairly and impartially to ensure the hearing officer reaches a reasoned decision based on all relevant and material evidence. Initial disciplinary and summary suspension hearings take place at the ABC Regional Office that serves the licensee. Contested applications are held in the Regional Office or a nearby state or local facility that can accommodate the number of interested parties. Appeals, requests for a restricted license after a summary suspension and franchise cases are heard at the Richmond Central Office.

Average Case Turnaround Time (in Days)

Activity	FY 11	FY 12	FY 13	FY 14	FY 14*	FY 15	FY 15*	FY 16*	FY 16
Violations	118.6	62.45	58.73	83	108.9	89	115	102.9	89.2
Applications	93.8	95.9	109.66	40.73	123	137	146	164.3	135.8

Unless otherwise noted, turnaround times do not include continuances.

* This column shows turnaround times with continuances included. It provides additional information that was not included in previous annual reports. Parties are granted continuance requests for good cause shown. This shows how parties' requests for continuances increase turnaround time.

Case Decisions Appealed

Activity	Count	Percentage of Total (%)
Initial decision of hearing officer to ABC Board (1)	49	9.07
Final decision of ABC Board to circuit court (2)	6	12.24

(1) Percentage of all cases referred

(2) Percentage of all cases appealed to the Board

Civil Penalties Collected

Civil penalties collected (dollars)	708,050.00
Average civil penalty per case (dollars)	2,593.59
Average suspension period per case (days) (1)	17.63

- (1) Most ABC cases result in the imposition of a civil penalty and/or suspension period. This average reflects the results of all civil penalties or suspension periods from all case decisions, consent settlement offers, and offers-in-compromise for FY 2016. The Board may allow licensees to choose between a civil penalty or suspension period. Some penalties, however, contain civil penalties and mandatory suspension periods.



\$708,050
CIVIL PENALTIES COLLECTED

\$2,593.59
AVERAGE CIVIL PENALTY
COLLECTED PER CASE



DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

HUMAN RESOURCES

Human Resources plays a critical role in cultivating and encouraging an environment that supports, develops and sustains a high-performing and engaged workforce to deliver exceptional results. The division is responsible for ensuring ABC's most important asset—its employees—are supported in driving business objectives. The HR staff operates with integrity while concentrating on providing excellent service to all customers in the areas of recruitment and selection, safety, employee relations, compensation, benefits, compliance with federal and state laws, policy development, human resource information systems, and training and development.

During fiscal year 2016, the division developed three SharePoint sites (Human Resources, LAMP, Learning and Development), in order to better communicate with employees. The division also coordinated with state-wide business partners in order to generate best practices for interviewing.



The Training and Development section created and executed a three-day Supervisor Academy with outside facilitators, which nearly 90 employees across the agency completed in the spring to enhance their leadership and day-to-day management skills. Read more on page 70.



The Virginia Values Veterans (V3) Program is an official Commonwealth of Virginia, Department of Veterans Services Program. © 2014

In June, Governor Terry McAuliffe awarded the division a Virginia Values Veterans (V3) certification—the program helps employers develop and implement long-term strategies and nationally recognized best practices in recruiting, hiring and retaining veterans.

Overall, Human Resources processed 16,902 applications, facilitated interviews for 3,300 applicants, conducted 1,545 criminal record checks and extended employment offers to approximately 1,250 candidates.

3,278 56.5% 43.5%

The number of people Virginia ABC employs statewide on a part-time or full-time basis (as of June 30, 2016).

Employees and Hiring

Total employees (as of June 30, 2016)	3,278
Total classified employees	1,037
Total part-time employees	2,241
Classified employees hired in FY 16	117
Part-time employees hired in FY 16	663

ABC employs a diverse workforce, with approximately 1,037 classified (full-time) employees, 2,241 wage (part-time) employees, while 8 contractual workers supplement ABC's workforce. These 3,286 agency employees work throughout the Commonwealth operating 360 retail stores and nine regional offices. Approximately 408 ABC employees and 8 contractual workers (416 total) are physically located in Richmond at the central office and warehouse facility.

Employee Demographics

Average age (years) (1)	46.5
Average years of service, classified employees (2)	10.5
Gender: male (%) (3)	56.5
Gender: female (%) (3)	43.5
Minority (%) (4)	31.5

The demographics of ABC's workforce are generally consistent with the overall state workforce. The average age of an ABC classified employee is 46.5 years, with an average length of service of 10.5 years. Approximately 11.2% of ABC employees are retirement eligible as of 06/30/2016 and 22.3% are eligible for retirement within five years.

- (1) Average age (all state employees): 46.6 years
- (2) Average years of service (all state employees): 11.8 years
- (3) Gender (all state employees): male, 46.4 percent; female, 53.6 percent
- (4) Minority (all state employees): 34.6 percent

Tuition and Training Assistance

Description of Training	Course Types	Units (1)
Tuition Assistance Program (TAP)	39	39
Instructor-Led (Agency)	19	804
Instructor-led (LAMP)	1	13
New hire orientation	13	109
Agency/state mandates (online)		
Retail/warehouse employees	17	12,818
Non-retail/warehouse employees	10	15,689
Enforcement-BLE	4	283
Emergency management	1	508
HPM supervisor (online)	14	1022
Safety	7	5,163
Safety (ASHI-CPR) Instructor-Led	1	180

(1) Units completed. These represent the units (modules) of training deployed to ABC employees by the Training section. One employee may account for more than one unit of participation.

(2) * Only one LAMP course in FY 16 (July 2015-Organizational Culture)

35,483
TOTAL ONLINE UNITS OF TRAINING COMPLETED



DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

INFORMATION TECHNOLOGY

The Information Technology (IT) Services Division supports the agency mission through the delivery of IT technical services.

ABC IT reorganized during the year, moving from four to seven service areas. This reorganization supported the agency's initiative to provide a more responsive capability in IT and have a stronger focus on project management. Specifically Software Engineering, Quality Assurance and Enterprise Data Services were aggregated under leads to deliver execution services to Projects. This created a common resource pool in each of those areas that operate to common standards and priorities.

The new IT service areas include:

- **Project Management**—responsible for IT Project Management and business systems analysis for all projects with an IT Impact. This area oversees overall Project service delivery to the other divisions within the agency.
- **Software Engineering**—designs and develops all ABC software to support ABC business operations. This area also provides third-tier support and issue resolution for all supported applications.
- **Quality Assurance**—ensures delivered applications meet their objectives, both for functional content and reliability, and meets the requirements set for them. This area achieves its objectives by establishing procedures and quality standards for acceptance.
- **Enterprise Architecture**—responsible for maximizing the business value of the ABC's investment in technology, both current state design and future proofing project decisions.
- **Enterprise Data and Reporting**—the custodians of Enterprise data. Services include reliability, recoverability, reporting and Business Intelligence.

- **IT Operations**—keeps existing programs running by supporting both stores and agency applications through helpdesk and maintenance functions.
- **IT Business Management (BI)**—manages agency interaction with VITA and NG as well as other IT hardware and software purchasing.

Virginia ABC kicked off the ABC Modernization and IT Reinvestment program which focuses on updating many core legacy systems to improve reliability and flexibility of the enterprise. Over the next five years, several major sequential projects will replace the majority of the agency's technology portfolio with a goal to reduce long-term cost and risk.

Notable achievements during the fiscal year included Information Technology winning two awards for POS and BI projects. The 2015 VITA Project Excellence Award was presented to Virginia ABC for Point of Sale Environment Upgrade. The POS upgrade project started with extensive research in April 2013 and was tasked with bringing store point-of-sale systems up to date with modern technology and safety protocols. Each store's system was updated with new software to keep ABC in line with Commonwealth security requirements. This is the highest award a project can receive from VITA. (See photo on cover.)

The agency also won the Governor's Technology Award in the Innovate Use of Big Data and Analytics at the Commonwealth of Virginia Innovative Technology Symposium (COVITS) 2016. The winning project provided Virginia ABC cost savings and risk mitigation through the elimination of outdated information technology reporting software. It also reduced paper reports, increased information sharing among divisions, eliminated repetitive work and decreased data request bottlenecks.

INTERNAL AUDIT

The Internal Audit Division is responsible for developing a comprehensive risk assessment of agency operations and ensuring an adequate system of internal control is established to mitigate and limit identified risk. Based on the risks identified, the division developed and executed an annual audit plan. In addition, it performed financial, operational, IT, security, compliance and retail reviews. The division conducted all administrative investigations, all state hotline complaints (unless an agency appointed official was involved) and all testing related to ARMICS. Internal Audit also reviewed agency systems for VITA SEC security

requirements and served as a liaison to the agency's external auditor, the Auditor of Public Accounts (APA).

Internal Audit had oversight responsibility for the agency's information security function which develops and implements IT security policies, standards, guidelines and procedures. The division also monitored IT to ensure that it was in compliance with VITA IT security policy, standards and guidelines, relevant Virginia laws and statutes, and IT best practice and governance requirements.

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

LICENSE RECORDS MANAGEMENT

The Bureau of Law Enforcement manages License Records Management (LRM) which consists of 22 employees in two sections—License and Records. These sections interact with all aspects of the life of an ABC license from application submission through possible approval, suspension, revocation and surrender.

In fiscal year 2016, the Records section served more than 4,218 walk-in customers and handled more than 12,000 telephone calls. Transactions totaling more than \$5.6 million were cashiered including new banquet and retail applications, license renewals and beer/wine tax payments. The section processed 20,361 renewal bills, 3,901 underage buyer investigation forms

and 4,850 mixed beverage annual review packets. The Records section also responded to 128 Freedom of Information Act requests.

The License section processed 2,064 new retail applications during the fiscal year. For each application, the section initiated first contact with the applicant within one business day of receiving the application from the Records section. The License section assisted all applicants with the collection of required documents based on the application type and forwarded 1,976 completed applications to the appropriate regional office for investigation by an ABC special agent.

Licenses and Licensing

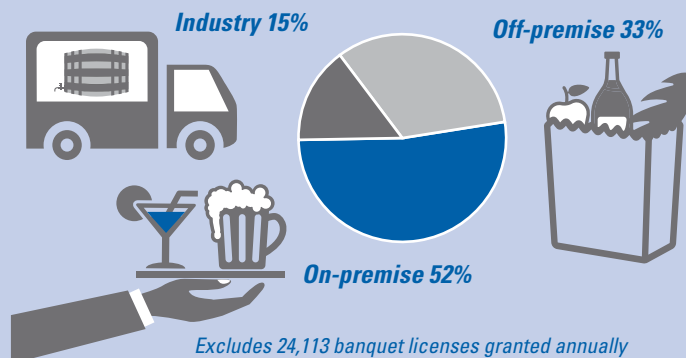
ABC retail licenses (1)	18,947
New retail, wholesale and special-permit licenses	2,164
Licensed retail establishments	17,622
Private or corporate owners	13,623
Alcohol compliance rates for retail licensees (%) (2)	91.04
Average processing time for new retail applications (in days) (3)	72
One-day banquet and special-event licenses	24,113

(1) Inclusive of licenses for sale and consumption of beer and wine, mixed beverages, on- or off-premises.

(2) FY 15 rate: 87.33 percent

(3) FY 15: 74 days. ABC targets a 75-day average.

Licenses Granted in 2016 by Type



LOGISTICS

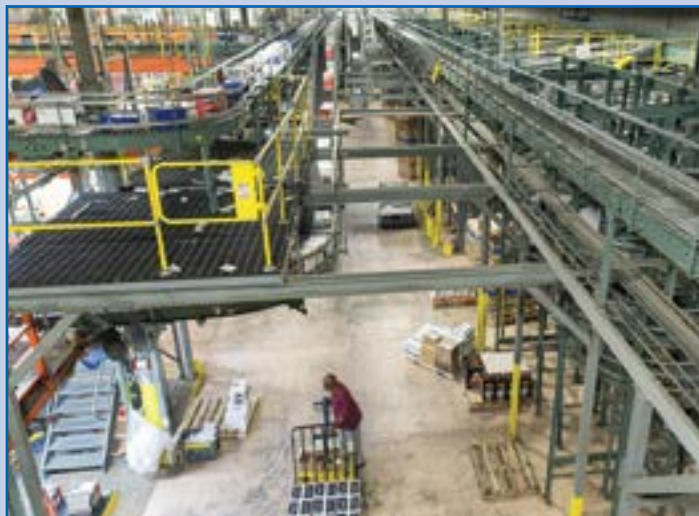
The Logistics Division, which includes warehouse operations, inventory control and transportation, special orders, store stocking and business/system support, is responsible for the effective and efficient distribution of alcoholic products to all ABC stores. During this fiscal year, the division's 112 employees shipped 4,459,717 cases to 359 stores across the state and filled special orders that produced \$6,728,931 of revenue, a 22.1 percent increase over fiscal year 2015.

\$6,728,931

REVENUE FROM SPECIAL ORDERS FULFILLED

22.1%

INCREASE IN SPECIAL ORDERS FULFILLED



The warehouse, at 292,285 square feet, is the size of five and a half football fields. Inventory within the building includes \$45 million dollars worth of distilled spirits and mixers during the agency's peak season from October 1–January 1.

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

MARKETING

The Marketing Division is responsible for consumer engagement, product management and merchandising. Consumer engagement includes branding, communications and promotional programs that grow sales while promoting responsible consumption.

Product management includes selecting new products, eliminating underperforming products and monitoring product performance. Merchandising includes category management activities, planograms, and in-store promotional merchandising.

The division developed content for the Featured Products and Promotions and Virginia Products sections of the Virginia ABC website, the Spirited Virginia email newsletter (circulation 11,615) and the Spirited Virginia Facebook page (1,435 likes). These vehicles speak directly to and engage with customers to showcase new products, cocktail recipes, entertaining tips, product information, in-store promotions, in-store tastings, and the many fine spirits made in the Commonwealth.

Marketing played a key role in the successful cross-divisional initiative to sell high demand/low availability products via online ordering and online lotteries. These services enable customers across the Commonwealth to have an opportunity to purchase hard-to-find items. Marketing keeps customers informed about these limited availability products via the Spirited Virginia email newsletter and Spirited Virginia Facebook page.

The in-store merchandising display program continued to provide retail customers with an inviting shopping environment while providing the product usage information and recipes that customers want. During fiscal year 2016, featured display products contributed nearly \$1 million in incremental sales.

Marketing reviewed more than 435 new items and selected 186 to be added to ABC store shelves.



(Above) Jason Redman, a retired Navy SEAL and advocate for wounded veterans, visited ABC's premier store in Virginia Beach in May to sign autographs of his memoir "The Trident," and encourage customers to "get out the vote" for him. Redman, a former Chesapeake resident, won the naming rights to Crown Royal's Brickyard 400 NASCAR race at the Indianapolis Motor Speedway.

POLICY, PLANNING AND ANALYSIS

The Policy, Planning and Analysis section (PPA) provides program and decision support services to internal and external customers of the agency. PPA manages and coordinates the analysis, development and maintenance of agency policies; leads the agency in developing, updating, and reviewing its strategic plan; spearheads internal and external customer satisfaction research; and conducts process improvement efforts.

In fiscal year 2016, PPA also supported the accomplishment of the agency's mission and objectives by tracking 115 bills during the General Assembly session; producing reports on sales, product and store performance. PPA evaluated 75 store locations for either a new store location or lease renewal in fiscal year 2016; assisted with the coordination or tracking of more than 150 Freedom of Information requests and 49 employee suggestions;

and collected and reported agency performance measures as required by the Department of Planning and Budget. PPA also played a key role in planning and managing activities related to the agency's planned transition to an Authority structure in 2018.

 **TRACKED**
115 **BILLS**
DURING THE GENERAL ASSEMBLY SESSION

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

PROCUREMENT

The Procurement and Support Services Division's responsibility is to support Virginia ABC's business units by ethically, prudently, competitively and strategically influencing the spending of agency funds for excellent quality goods and services (excluding alcohol and real property.) The division assists internal customers in achieving their goals and maximizing value for the Commonwealth while improving response time when and where applicable and ensuring compliance with government laws. Virginia ABC developed and/or renewed existing contracts with an estimated value of \$12.5M in fiscal year 2016. As the agency's administrator of the state's small purchase charge card program, the division monitored the activities of 126 cardholders with expenditures totaling \$3.4M, representing nearly 10,200 transactions.

Virginia ABC continued its efforts to locate and provide contracting opportunities for small businesses by participating in outreach events as an active supporter of the Governor's Executive Order 20: Advancing Equity for Small, Women and Minority Owned Businesses.

The division is also responsible for the agency's supply and equipment warehouse, high volume copying, and mail services. During the fiscal year, the mail center processed approximately 150,000 pieces of inbound and outbound mail. The supply and equipment warehouse, which stores and accounts for supplies frequently used by Virginia ABC retail stores and agency offices, processed 13,034 supply orders equating to 235,840 picked items, an increase of nearly 27 percent in supply orders and nearly 18 percent in picked items over the last three years.



150,000 PIECES
OF MAIL PROCESSED

REAL ESTATE AND FACILITIES MANAGEMENT

Formerly called Property Management, the division adopted a new name in November 2015 to reflect its expanding responsibilities. Real Estate and Facilities Management Division is responsible for management of the agency's central office, warehouse and its 359 retail stores.

The Division consists of three major concentrations: Initial Site Selection, Negotiation, Leasing and Lease Administration; Facility Management and Maintenance of the Central Office, Retail Stores/Regional Offices; and Construction/Fixture Installation for New Stores, Relocations, and Modernizations.

These tasks are accomplished by a staff of 28 individuals, who have approximately 275 combined years of ABC service and experience. During fiscal year 2016, the division was responsible for 18 owned properties, 341 leased retail outlets and 11 offices for the agency's Bureau of Law Enforcement.

The director chairs the Real Estate Committee and works in concert with Virginia's commercial retail brokerage community and landlords, as well as the agency's Retail Operations, Logistics, Policy, Planning and Analysis, and Finance areas to discuss new store and lease activity in an effort to make sound recommendations to the Board.

During the fiscal year, the division completed installation of eight new stores and performed four store modernizations, three store expansions, ten store relocations and seven flooring replacements.

(Left) Nicknamed the Black and White store, Fairfax Store 084's retail space was previously occupied by a bridal boutique. Located at 13053 E. Lee Jackson Highway, this store boasts an innovative and modern design meant to welcome customers to take their time browsing the store's more than 1,200 spirits, wines and mixers. Virginia ABC Real Estate and Facilities Management staff worked to complement the interior to create an innovative and modern store.



DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

RETAIL

The Retail Operations Division ensures the efficient operation of the agency's retail stores. During fiscal year 2016 the division was comprised of approximately 648 classified and 2,461 part time employees who operated 349 self-service locations, six conventional outlets and four premier stores. This effort was overseen by 23 regional managers located throughout the state and supported by a staff of eight in management and other roles in the central office.

Open seven days a week and 361 days of the year, these stores served more than 30 million retail and licensee customers, generated nearly \$900 million in sales and enabled the agency to surpass the Governor's expected contribution to the Commonwealth's General Fund.

A process improvement in the management of closeout merchandise resulted in the movement of over 488,000 bottles, for a total of \$3 million in sales. Store and regional managers completed more than 14,300 product transfers to ensure these items were available in the locations where they would most likely be sold. In addition, a selection of items was also made available to customers on the agency's website which resulted in 1,314 orders filled by stores.

Retail also expanded the number of designated "Special Order Stores" which regularly carry specialty items (previously available only by request) in an effort to make them more accessible to customers and to increase sales. With 52 selected stores participating, the agency saw a generous increase in sales of more than 100,000 bottles from March-June 2016 (tracking began in March 2016).

A well-trained retail staff continued to provide exceptional service that was responsive to customer needs and backed by product knowledge. The division introduced a suggestive selling training video to enhance staff's selling strategies and upselling techniques. Produced by store managers and regional managers, the video was shared with existing personnel and will supplement the mandatory sales training of all new employees.

52 "SPECIAL ORDER
STORES" SOLD
100,000+



SPECIALTY BOTTLES IN JUST FOUR
MONTHS (MARCH-JUNE 2016).

ABC Stores

Alcohol compliance rate for ABC stores (%) (1)	97.91
Average delivery cost to ABC stores (dollars per case)	\$.87
Total shipments to ABC stores (cases)	4,697,305
Total shipments to ABC stores (weight, in lbs)	146,172,250

(1) FY 15 rate: 97.95 percent

ABC Products

Price list

Active items on price list	2,581
Virginia wines on price list	76
Vermouths on price list	13
Non-Alcoholic on price list	66
Items de-listed from price list (1)	453

Special orders

Active items on special order catalog	220
Active items on special order noncatalog	1,142
Total special order purchases (cases) (2)	28,540
Total special order revenue (dollars) (2)	\$6,728,931
• Catalog purchases (cases)	5,951
• Catalog revenue (dollars)	\$2,099,395
• Noncatalog purchases (cases) (3)	22,589
• Noncatalog revenue (dollars)	\$4,629,536.00
Total special order revenue increased	22.11%

(1) De-listed items remain on the price list until all inventory has been depleted.

(2) These totals include both catalog and noncatalog special orders.

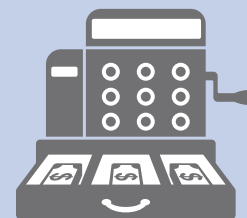
(3) Noncatalog special orders are for those items not included in the special order catalog.

MORE THAN **488,000**
CLOSEOUT BOTTLES, MOVED =
\$3 MILLION IN SALES.



TOTAL SALES FOR
FY 2016 EXCEEDED

\$845 MILLION



DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

RETAIL, continued

Top 50 Brands Sold in Fiscal Year 2016

Rank		BRAND	PRODUCT CATEGORY	Gross Dollars		CHANGE (%)	Actual
FY 16	FY 15			FY 16 (\$)	FY 15 (\$)		CHANGE (\$)
		Statewide Total		895,462,056	846,463,507	5.8	48,998,549
		Top 50 Brands		437,863,827	409,882,275	6.8	27,981,552
		All Others		457,598,229	436,581,232	4.8	21,016,997
1	1	Jack Daniel's 7 Black	Tennessee whiskey	27,599,164	26,925,694	2.5	673,470
2	4	Hennessy VS	cognac\armagnac	25,269,088	18,758,631	34.7	6,510,456
3	5	Jim Beam	straight bourbon	19,805,216	18,657,478	6.2	1,147,738
4	2	Smirnoff 80	domestic vodka	19,294,602	18,966,572	1.7	328,030
5	3	Fireball Cinnamon	Canadian whisky	19,110,580	18,759,979	1.9	350,601
6	13	Tito's Handmade	domestic vodka	17,382,920	11,165,185	55.7	6,217,735
7	6	Grey Goose	imported vodka	16,810,992	16,436,322	2.3	374,669
8	7	Crown Royal	Canadian whisky	16,459,672	16,413,057	0.3	46,616
9	8	Absolut	imported vodka	14,166,466	13,941,214	1.6	225,252
10	11	Patron Silver	tequila	13,362,494	12,379,752	7.9	982,741
11	10	Maker's Mark	straight bourbon	12,949,034	12,471,415	3.8	477,619
12	9	Aristocrat	domestic vodka	12,367,297	12,759,367	(3.1)	(392,070)
13	12	Bacardi Superior	rum	12,118,378	12,011,492	0.9	106,886
14	15	Jameson Irish	Irish whiskey	11,870,434	9,679,727	22.6	2,190,707
15	14	Captain Morgan's Spiced	rum	11,254,930	11,160,983	0.8	93,947
16	16	Pinnacle	imported vodka	10,022,830	9,617,464	4.2	405,366
17	17	Jose Cuervo Especial Gold	tequila	9,880,767	9,522,999	3.8	357,768
18	18	Jagermeister	cordials	8,324,481	8,740,713	(4.8)	(416,232)
19	39	Crown Royal Regal Apple	Canadian whisky	7,538,021	4,190,402	79.9	3,347,619
20	20	Evan Williams Black	straight bourbon	7,183,339	6,514,217	10.3	669,122
21	19	Ketel One	imported vodka	6,964,416	6,836,659	1.9	127,756
22	25	Tanqueray	imported gin	6,564,622	6,323,912	3.8	240,710
23	23	Bowman's Virginia	domestic vodka	6,456,272	6,464,972	(0.1)	(8,699)
24	22	Seagram's Extra Dry	domestic gin	6,370,675	6,494,840	(1.9)	(124,166)
25	24	Burnett's	domestic vodka	6,349,317	6,364,816	(0.2)	(15,499)
26	21	Skyy	domestic vodka	6,236,031	6,504,181	(4.1)	(268,149)
27	37	Woodford Reserve	straight bourbon	5,411,636	4,644,940	16.5	766,695
28	28	Johnnie Walker Black	Scotch	5,360,236	5,243,509	2.2	116,727
29	27	Bailey's Original Irish Cream	cordials	5,321,807	5,252,656	1.3	69,150
30	31	Paul Masson Grande Amber VS	brandy	5,269,555	4,927,255	6.9	342,300
31	30	Grand Marnier Cordon Rouge	cordials	5,186,902	5,167,631	0.4	19,271
32	33	Malibu Coconut	rum	5,143,111	4,815,664	6.8	327,447
33	35	Bombay Sapphire	imported gin	5,107,686	4,747,880	7.6	359,806
34	34	Wild Turkey 101	straight bourbon	5,014,784	4,752,686	5.5	262,098
35	26	New Amsterdam	domestic vodka	4,948,773	5,405,335	(8.4)	(456,561)
36	38	Evan Williams Green	straight bourbon	4,893,023	4,615,294	6.0	277,730
37	36	Svedka	imported vodka	4,873,514	4,659,110	4.6	214,404
38	32	Dewar's White Label	Scotch	4,868,173	4,818,644	1.0	49,529
39	45	1800 Silver	tequila	4,301,650	3,708,916	16.0	592,734
40	41	Early Times	domestic whiskey	4,180,529	4,142,840	0.9	37,689
41	43	Bacardi Gold	rum	4,025,196	3,939,811	2.2	85,385
42	42	Stolichnaya	imported vodka	4,010,798	4,092,637	(2.0)	(81,839)
43	40	E & J VS	brandy	3,924,198	4,175,923	(6.0)	(251,725)
44	49	Courvoisier VS	cognac\armagnac	3,658,739	3,528,329	3.7	130,410
45	46	Belvedere	imported vodka	3,615,298	3,611,091	0.1	4,207
46	47	Kahlua Coffee	cordials	3,528,639	3,567,187	(1.1)	(38,548)
47	50	Gentleman Jack	Tennessee whiskey	3,498,767	3,224,152	8.5	274,616
48	48	Nikolai	domestic vodka	3,471,218	3,528,754	(1.6)	(57,536)
49	—	Knob Creek	straight bourbon	3,463,596	3,208,615	7.9	254,981
50	—	Bulleit	straight bourbon	3,073,959	2,041,371	50.6	1,032,588

This table is based on FY 16 dollars and previous years' sales for these items to both restaurants and in-store customers. A dash (—) indicates items not included in the "Top 50 Brands" last year.

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

RETAIL, continued

Store Activities: July 1, 2015–June 30, 2016

Store	Location	Activity	Closed	Opened	Total	Store	Location	Activity	Closed	Opened	Total
238	Callao	modernization	7-5-15	7-20-15	351	397	Alexandria	new store	n/a	2-10-16	357
399	Rustburg	new store	n/a	8-28-15	352	335	Williamsburg	modernization	1-30-16	2-23-16	357
395	Floyd	new store	n/a	9-9-15	353	199	Pearisburg	reduction	1-31-16	3-1-16	357
194	Saint Paul	flooring	9-7-15	9-12-15	353	407	Chesterfield	new store	n/a	3-3-16	358
084	Fairfax	relocation	9-26-15	10-1-15	353	277	Stanleytown	modernization	2-27-16	3-14-16	358
149	Warsaw	relocation	9-26-15	10-2-15	353	345	Dublin	expansion	2-27-16	4-2-16	358
116	Chester	relocation	10-11-15	10-15-15	353	319	Arlington	relocation	4-24-16	5-4-16	358
361	Portsmouth	relocation	10-17-15	10-22-15	353	342	Newport News	flooring	5-8-16	5-14-16	358
222	Kiln Creek	relocation	10-17-15	10-23-15	353	237	Portsmouth	flooring	5-9-16	5-14-16	358
331	Short Pump	relocation	11-14-15	11-19-15	353	417	Yorktown	new store	n/a	5-18-16	359
050	Crozet	expansion	9-8-15	11-20-15	353	089	Manakin-Sabot	flooring	5-16-16	5-20-16	359
275	Blackstone	relocation	11-29-15	12-3-15	353	207	Henrico	flooring	5-15-16	5-21-16	359
400	Forest	new store	n/a	12-4-15	354	072	Locust Grove	expansion	4-23-16	5-27-16	359
393	Fairfax	new store	n/a	12-18-15	355	186	Salem	flooring	6-6-16	6-11-16	359
076	Falls Church	relocation	1-3-16	1-7-16	355	356	Radford	flooring	6-6-16	6-11-16	359
409	Wards Corner	new store	n/a	2-7-16	356	069	Chesapeake	relocation	6-19-16	6-23-16	359

VIRGINIA ABC OPENS FIRST FLOYD COUNTY STORE

In November 2014 the formerly dry Floyd County voted 585 to 358 in favor of liquor by the drink. Less than a year later, in September 2015, Virginia ABC celebrated the opening of its first store in the county.

The 2,041-square-foot store, located at 117 Parkview Rd., carries more than 700 products, including approximately 160 bourbon items, more than 140 vodka items and a selection of Virginia-made wines and spirits.

Floyd Mayor William Griffin attended the store opening hosted by Regional Manager Patrick Campbell and Chairman Jeffrey Painter who cut the ceremonial ribbon. The opening drew fantastic turnout from Floyd area residents who prior to the store opening had to drive 20 miles to Christiansburg to purchase distilled spirits.



Mayor William Griffin was among the many residents who enthusiastically joined Chairman Jeff Painter and Regional Manager Patrick Campbell for the Grand Opening of Floyd's first ABC store.

VIRGINIA ABC
AT A GLANCE

DEPARTMENTAL HIGHLIGHTS

(alphabetical order)

WEB AND DIGITAL UNIT

The agency formally established a Digital and Web Unit during the fiscal year that is responsible for web and content maintenance, overseeing content stewards, digital development and strategy and e-commerce initiatives. The unit's primary goal is assuring the best possible user experience on the website.

Building on a website that was launched during the 2015 fiscal year, the web team focused its 2016 efforts on expanding online services for additional customer groups, automating current manual processes and e-commerce capabilities.

1,324,568
UNIQUE VISITORS TO
WWW.ABC.VIRGINIA.GOV



This included expanding distribution methods for limited availability products such as special-release bourbons and other whiskies that have become highly sought after by collectors and enthusiasts.

In fiscal year 2016, the website had 1,324,568 unique visitors and 7,846,793 page views. The average web session duration was three minutes.

NEW VISITORS MADE UP
57.4% OF SITE TRAFFIC



56.9% WERE
USING A MOBILE DEVICE

AGENCY OFFERS FIRST CYBER MONDAY DEALS

Virginia ABC took another big retail step by offering its first Cyber Monday deal on November 30, 2015.

The online sale was a hit with hundreds of digital customers. Cyber Monday sales represented more than a 1,000 percent increase over the best weekly total of online orders in the previous three months since the agency's launch of its e-commerce feature.

Customers who made online purchases during the 24-hour sale enjoyed a 10 percent discount off purchases totaling \$50-74.99 and a 15 percent discount off purchases totaling \$75 or more. Purchases were shipped to the store of the customer's choice to be picked up in the following days.

The popularity of the sale pushed the limits of the website and indicated early on the need to increase the capacity of the website to support e-commerce activity.

The Cyber Monday sale was supported by a radio promotion, newspaper advertisements, social media posts, email blasts and a new page on the agency's website.



317 ORDERS PLACED
\$40,733.35
IN TOTAL SALES

**CYBER
MONDAY** 



**VIRGINIA ABC
AT A GLANCE**



1,806 products adorn
the shelves in the 6,000 ft²
Short Pump retail location.

Agency Celebrates Opening of Fourth Premier Store

Richmond's Short Pump reflects a bygone era

In December 2015 Virginia ABC celebrated the opening of its fourth and newest premier store with a grand opening celebration of its Short Pump location in western Henrico County. Store 331, located in the Metro Richmond area, joined other premier stores in Williamsburg, Virginia Beach and Leesburg as one of the agency's flagship retail outlets.

Virginia Secretary of Public Safety and Homeland Security Brian Moran and Deputy Secretary Victoria Cochran joined Virginia ABC Chairman Jeffrey Painter, Commissioner Judy Napier and others for the event. The ceremony included remarks from Secretary Moran, Chairman Painter and Regional Manager Levi Heaton, a ribbon cutting, photos, informal store tours and refreshments. Additionally, vendors offered free tastings of spirits paired with hors d'oeuvres for the occasion.

The 6,000 square-foot store, one of the agency's largest, reflects Richmond's rich history with dramatic white, Ionic columns evocative of the Virginia State Capitol colonnade. Exposed brick and vintage sepia photographs of Richmond's cityscape define interior walls. Displays of antique jugs and whimsical black and white photographs of tipplers from a bygone era provide a decorative nod to the Commonwealth's history of alcoholic beverages.

The Short Pump store décor also features custom casework and intimate shopping areas defined by historic architectural elements, ceiling fixtures and unique lighting reminiscent of the early days of electricity. The store's varying wood-grained inlay flooring patterns creates winding aisles that encourage customers to discover products they might not have known about, without forsaking the ease of identifying favorite brands shoppers have come to expect in a Virginia ABC store.

A centrally located customer service center is highlighted by a white coffered tin, dropped-ceiling fixture suspended from the store's soaring black ceiling and provides customers with easy access.

The agency's Real Estate and Facilities Management Division worked with Richmond-based KSA Interiors to design the Short Pump location as well as other premier stores in Williamsburg and Leesburg.



(Above): The grand opening included remarks from Chairman Jeffrey Painter (foreground) and Virginia Secretary of Public Safety and Homeland Security Brian Moran.

Store 331's unique design is a mixture of the contemporary and the historical, reflecting Richmond's past and present.



(From left) Chief Financial Officer Paul Van Lenten Jr., ABC Board Chairman Jeffrey L. Painter and Chief Operating Officer Travis G. Hill are shown in the Central Office warehouse.

A Message from the Chairman, Chief Operating Officer and Chief Financial Officer

We are pleased to present the fiscal year 2016 annual report for the Virginia Department of Alcoholic Beverage Control. These facts and figures represent the agency's eighteenth consecutive record-breaking year for retail sales. In fiscal year 2016, we opened 8 new stores and relocated and remodeled 18 more. Virginia ABC operations returned a record \$165 million in profits to the Commonwealth of Virginia. The agency has contributed more than \$9.5 billion since 1934.

We stand behind these figures with pride in the accomplishments made possible by the hard working and dedicated employees of Virginia ABC. To the best of our knowledge, these figures accurately represent the operations of our agency during the fiscal year. The financial statements of the agency are audited annually by the Auditor of Public Accounts as required by the Code of Virginia.

Financial Results in Brief, Fiscal Year 2016

REVENUE SOURCE	FY 16	FY 15	FY 14	FY 13	FY 12
ABC profit transfers (1)	\$164,888,413	\$152,037,837	\$139,987,344	\$134,576,751	\$132,021,784
State taxes (2)	147,812,928	139,832,186	132,043,584	126,802,220	120,988,748
General sales tax (3)	41,343,208	39,199,161	36,879,111	31,263,867	29,617,739
Wine liter tax (4)	36,208,113	35,249,206	34,608,741	34,400,161	33,457,628
Malt beverage tax (5)	43,181,973	42,948,462	43,341,595	42,846,308	43,660,370
Total	\$433,434,635	\$409,266,851	\$386,860,375	\$369,889,307	\$359,746,269

Effective July 1, 2013, the Retail Sales and Use Tax rate for most purchases increased to 5.3 percent statewide due to House Bill 2313. In addition to the statewide increase, there is a 0.7 percent increase in the localities that make up the Northern Virginia and Hampton Roads regions, bringing the Retail Sales and Use Tax rate to 6.0 percent in those areas.

- (1) *Source:* "Statement of Revenues, Expenses and Changes in Net Position." Profits are reported in accordance with generally accepted accounting principles. Profits include licensing fees and ABC's portion of the wine liter tax.
 (2) *Source:* "Notes to Financial Statements 4.B. General Fund." State tax on distilled spirits = 20 percent. State tax on wine sold in ABC stores = 4 percent.
 (3) *Source:* "Notes to Financial Statements 4.C. Department of Taxation--Sales Tax."

- General sales tax rate is 6.0 percent in the localities that make up the Northern Virginia and Hampton Roads regions, and 5.3 percent statewide.
 (4) *Source:* "Notes to Financial Statements 4.B. General Fund." The non-ABC portion of the wine liter tax = \$40 per liter. \$9,141,363 of the wine liter tax is transferred to the Virginia Department of Behavioral Health and Developmental Services.
 (5) *Source:* "Notes to Financial Statements 8. Collections of Malt Beverage Tax."

Sales of All Beverages, Fiscal Year 2016

PRODUCT	GALLONS*	LITERS	TOTAL GALLONS (%)	GROSS DOLLARS	GROSS SALES (%)
STATE STORE SALES					
Distilled Spirits	11,023,483	41,728,403	96.9%	\$887,004,407	96.9%
Virginia Wine	30,978	117,265	0.3%	\$1,892,676	0.3%
Vermouth	39,565	149,771	0.3%	\$1,585,356	0.3%
Alcohol	158	596	0.0%	\$13,095	0.0%
Non-Alcoholic Mixers	276,201	1,045,534	2.4%	\$4,879,643	2.4%
Total	11,370,385	43,041,569	100.0%	\$895,375,177	100.0%
DIRECT SALES FROM WHOLESALERS					
Wines (\$0.40 Liter) (1)	25,974,155	98,322,826	14.4%	\$39,332,289	14.4%
Beer (\$7.95 Barrell)	154,788,713	585,938,742	85.6%	\$43,608,994	85.6%
Total	180,762,868	684,261,568	100.0%	\$82,941,283	100.0%

*excludes non-beverage items, confiscated items, distillery store sales

(1) Gross Liter Tax for Wines after 12 percent allocated to ABC Revenue

Source: Policy, Planning and Education

Comparison of Products Sold / Market Share, Fiscal Year 2016 vs. Fiscal Year 2015



PRODUCTS	CASES SOLD		CHANGE	MARKET SHARE (%)	
	FY 16	FY 5	(%)	FY 16	FY 15
Vodka	1,448,850	1,423,240	1.8	30.9	31.4
Domestic	774,794	761,099	1.8		
Imported	350,341	340,831	2.8		
Flavored	323,716	321,310	0.7		
Straight Bourbon Whiskey	515,177	483,441	6.6	11.0	10.7
Cordials -Liqueurs-Specialties	478,332	530,603	(9.9)	10.2	11.7
Imported	295,955	303,305	(2.4)		
Domestic	182,377	227,298	(19.8)		
Rum	446,425	425,817	4.8	9.5	9.4
Domestic	16,497	283,279	(94.2)		
Imported	429,928	142,537	201.6		
Tequila	291,677	242,280	20.4	6.2	5.3
Gin	236,615	234,712	0.8	5.0	5.2
Domestic	145,141	157,721	(8.0)		
Imported	78,884	64,857	21.6		
Flavored	12,116	11,616	4.3		
Sloe	475	518	(8.3)		
Canadian Whisky	160,584	173,099	(7.2)	3.4	3.8
Brandy	157,516	151,833	3.7	3.4	3.3
Grape	116,670	116,579	0.1		
Imported	7,312	7,218	1.3		
Flavored	33,534	28,036	19.6		
Scotch Whiskey	150,531	146,400	2.8	3.2	3.2
Cognac\Armagnac	124,684	102,713	21.4	2.7	2.3
Tennessee Whiskey	107,528	106,959	0.5	2.3	2.4
Blended Whiskey	104,110	100,208	3.9	2.2	2.2
Specialty Bottles	73,124	62,705	16.6	1.6	1.4
Imported	47,717	32,645	46.2		
Domestic	25,407	30,060	(15.5)		
Cocktails	67,963	55,972	21.4	1.4	1.2
Domestic	33,107	49,808	(33.5)		
Imported	34,856	6,165	465.4		
Domestic Whiskey	47,235	41,368	14.2	1.0	0.9
Irish Whiskey	46,944	39,789	18.0	1.0	0.9
Moonshine	33,249	31,778	4.6	0.7	0.7
Straight Rye Whiskey	21,271	13,534	57.2	0.5	0.3
Egg Nog	13,101	13,349	(1.9)	0.3	0.3
Rock & Rye	1,610	1,271	26.7	0.0	0.0
Corn Whiskey	441	724	(39.2)	0.0	0.0
Alcohol	57	56	2.2	0.0	0.0
Bottled in Bond Whiskey	606	1,574	(61.5)	0.0	0.0
Vermouth	16,561	15,892	4.2	0.4	0.4
Virginia Wine	13,131	12,241	7.3	0.3	0.3
Non-Alcoholic Mixers	114,393	103,893	10.1	2.4	2.3
Non Beverage Item	24,387	20,549	18.7	0.5	0.5
Statewide totals*	4,696,103	4,535,998	3.5	100.0	100.0

* Excludes miscellaneous records and confiscated items. Source: Policy, Planning and Analysis

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return to Virginia (4)
Statewide Totals		11,379,647	\$894,966,185	\$147,331,451	\$747,664,735	\$429,247,855	\$318,416,879	\$101,731,655	\$216,685,224	\$49,477,416	\$167,207,809	35.14
137 674 Hwy. 58 E.	Norton City	21,271	1,470,870	242,800	1,228,070	703,004	525,066	225,771	299,295	81,269	218,027	31.33
194 16427-E Wise St.	Wise Co.	9,080	610,901	101,463	509,438	291,086	218,353	155,178	63,175	33,713	29,462	21.43
206 18 E. 4th St., S.	Wise Co.	11,708	726,391	119,969	606,423	346,090	260,332	119,489	140,844	40,131	100,713	30.38
218 3982 Hwy. 23 N.	Scott Co.	9,502	584,724	96,697	488,027	278,762	209,265	106,064	103,201	32,296	70,906	28.66
Far Southwest		51,561	3,392,887	560,929	2,831,958	1,618,941	1,213,016	606,501	606,515	187,407	419,108	28.89
87 4027 College Ave.	Tazewell Co.	21,370	1,510,530	250,044	1,260,486	722,996	537,490	243,282	294,208	83,414	210,794	30.51
174 One Plz. Dr.	Buchanan Co.	9,234	632,679	104,705	527,974	302,444	225,530	101,923	123,607	34,939	88,668	30.56
197 149 Clay Dr.	Tazewell Co.	20,742	1,389,980	229,857	1,160,123	663,823	496,300	197,456	298,843	76,772	222,071	32.51
230 722 E. Riverside	Tazewell Co.	7,583	493,278	81,656	411,622	235,977	175,646	90,781	84,865	27,240	57,625	28.24
365 340 Chase St.	Dickenson Co.	6,815	459,696	76,266	383,430	218,829	164,600	110,716	53,884	25,374	28,510	22.79
Southwest		65,744	4,486,163	742,528	3,743,635	2,144,069	1,599,566	744,158	855,407	247,739	607,669	30.10
58 3002 Lee Hwy.	Bristol City	27,838	2,023,105	333,835	1,689,270	966,329	722,942	232,999	489,943	111,789	378,154	35.19
96 974 East Stuart Dr.	Galax City	24,508	1,534,427	252,795	1,281,632	732,627	549,006	197,019	351,987	84,813	267,174	33.89
135 1173 N. Main St.	Smyth Co.	24,302	1,578,322	261,299	1,317,024	752,374	564,650	180,519	384,131	87,155	296,975	35.37
141 441 W. Stuart Dr.	Carroll Co.	17,030	1,079,131	178,000	901,131	515,393	385,738	175,060	210,679	59,633	151,046	30.49
153 325 W. Main St.	Wythe Co.	26,618	1,812,015	297,798	1,514,218	866,757	647,461	179,059	468,402	100,205	368,197	36.75
201 545 W. Main St.	Washington Co.	42,680	3,072,818	507,836	2,564,982	1,471,538	1,093,444	216,189	877,255	169,740	707,515	39.55
343 2123 Euclid Ave.	Bristol City	24,264	1,553,809	256,004	1,297,805	741,675	556,130	189,635	366,494	85,883	280,611	34.54
Wytheville/Hillsville		187,240	12,653,628	2,087,566	10,566,062	6,046,692	4,519,371	1,370,481	3,148,890	699,219	2,449,671	35.86
67 290 Peppers Ferry Rd.	Montgomery Co.	35,235	2,581,240	425,547	2,155,693	1,236,085	919,608	295,922	623,685	142,655	481,030	35.12
195 100 N. Franklin St.	Montgomery Co.	27,102	1,781,982	295,036	1,486,946	851,943	635,004	216,621	418,383	98,400	319,983	34.51
199 140 Kinter Way	Giles Co.	14,075	848,537	140,454	708,083	405,512	302,571	133,578	168,994	46,858	122,136	30.95
327 1332 S. Main St.	Montgomery Co.	95,025	6,428,867	1,063,637	5,365,231	3,078,493	2,286,738	456,470	1,830,268	355,049	1,475,219	39.49
345 5265 Alexander Rd.	Pulaski Co.	25,074	1,697,587	278,517	1,419,070	811,462	607,608	199,796	407,811	93,908	313,903	34.90
356 97 Walker St.	Radford City	43,714	2,784,360	461,095	2,323,265	1,330,885	992,380	292,778	699,602	153,744	545,858	36.16
395 117 Parkview Road N.E.	Floyd Co.	9,002	598,975	98,984	499,991	286,819	213,172	100,312	112,860	33,087	79,772	29.84
Radford/Blacksburg		249,227	16,721,549	2,763,270	13,958,279	8,001,198	5,957,081	1,695,477	4,261,603	923,702	3,337,901	36.49
115 1423 Williamson Road N.E.	Roanoke City	57,724	4,527,576	747,908	3,779,668	2,167,947	1,611,721	360,289	1,251,432	250,123	1,001,309	38.63
123 531 Main St.	Allegheny Co.	7,172	472,739	78,308	394,431	226,189	168,242	97,317	70,925	26,102	44,823	26.05
124 339 Thacker Ave.	Covington City	16,561	1,193,472	197,568	995,904	572,193	423,711	250,512	173,199	65,905	107,294	25.54
186 1483 W. Main St.	Salem City	47,012	3,164,081	522,499	2,641,582	1,511,818	1,129,764	301,171	828,593	174,809	653,784	37.18
229 3940 Valley Gateway Blvd.	Roanoke Co.	24,368	1,678,109	277,500	1,400,609	802,070	598,540	214,719	383,821	92,687	291,134	33.89
259 5050-C Rutgers St.	Roanoke City	55,784	4,004,057	660,277	3,343,780	1,915,563	1,428,217	372,443	1,055,774	221,278	834,496	37.33
269 646 Brandon Ave.	Roanoke City	65,538	4,991,702	821,576	4,170,126	2,393,482	1,776,644	487,482	1,289,162	275,962	1,013,200	36.76
289 3341 Melrose Ave., N.W.	Roanoke City	35,611	2,844,108	472,778	2,371,330	1,353,341	1,017,988	246,091	771,897	156,925	614,973	38.25
309 3901 Brambleton Ave., S.W.	Roanoke Co.	62,412	4,445,896	733,034	3,712,862	2,131,085	1,581,777	372,809	1,208,969	245,702	963,267	38.15
337 1113 Vinyard Rd.	Roanoke Co.	34,134	2,248,785	372,506	1,876,279	1,072,992	803,287	233,957	569,330	124,165	445,165	36.36
364 56 Kingston Dr.	Botetourt Co.	26,354	1,866,261	307,491	1,558,771	894,368	664,403	211,090	453,313	103,153	350,160	35.24
Roanoke		432,671	31,436,786	5,191,443	26,245,343	15,041,049	11,204,293	3,147,879	8,056,415	1,736,810	6,319,605	36.62
57 1028 Richmond Ave.	Staunton City	22,496	1,638,974	269,633	1,369,340	785,121	584,219	259,994	324,225	90,617	233,608	30.70
68 2196 John Wayland Hwy.	Rockingham Co.	29,229	1,971,029	325,482	1,645,547	944,571	700,977	235,827	465,150	108,896	356,254	34.59
113 2827 Main St.	Bath Co.	9,054	823,859	132,075	691,785	396,912	294,873	147,429	147,444	45,779	101,665	28.37
122 201 State St.	Staunton City	32,007	2,353,445	388,558	1,964,887	1,128,072	836,815	250,840	585,975	130,028	455,947	35.88
140 445 E. Nelson St.	Lexington City	43,340	3,051,608	502,534	2,549,074	1,466,975	1,082,099	291,618	790,481	168,687	621,793	36.84

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
145 398 N. Main St.	Harrisonburg City	38,894	2,788,058	459,868	2,328,190	1,334,370	993,820	256,323	737,496	154,070	583,426	37.42
147 58 Water St.	Highland Co.	2,367	158,090	25,394	132,696	76,526	56,169	64,866	(8,697)	8,781	(17,478)	5.01
173 14817 Spotswood Trail	Rockingham Co.	15,096	1,017,993	167,762	850,232	486,719	363,513	148,120	215,393	56,265	159,128	32.11
184 2035 E. Market St.	Harrisonburg City	56,646	4,331,651	714,582	3,617,068	2,077,437	1,539,631	450,631	1,089,000	239,363	849,637	36.11
296 32 Windward Dr.	Augusta Co.	9,253	635,299	104,951	530,348	304,286	226,062	159,056	67,006	35,096	31,910	21.54
338 125 Lucy Lane	Waynesboro City	44,343	3,158,974	521,648	2,637,326	1,514,907	1,122,419	342,214	780,205	174,528	605,677	35.69
339 Augusta Plz., Rt. 612	Augusta Co.	17,719	1,182,481	195,046	987,435	565,016	422,420	157,491	264,928	65,344	199,584	33.37
383 1037 Port Republic Rd.	Harrisonburg City	28,398	1,868,974	308,192	1,560,783	893,669	667,114	224,807	442,307	103,286	339,021	34.63
386 2576 Stuarts Draft Hwy.	Augusta Co.	13,566	914,302	151,304	762,998	436,767	326,231	142,057	184,174	50,492	133,682	31.17
Staunton/Waynesboro		362,407	25,894,737	4,267,030	21,627,708	12,411,347	9,216,361	3,131,273	6,085,088	1,431,234	4,653,854	34.45
47 380 Gateway Dr.	Frederick Co.	30,828	2,316,193	382,989	1,933,204	1,109,138	824,067	273,790	550,277	127,932	422,345	34.77
52 786 Shopping Center Rd.	Shenandoah Co.	14,371	960,431	159,036	801,395	459,025	342,370	153,685	188,685	53,033	135,652	30.68
56 182 Delco Plz.	Frederick Co.	27,895	2,080,801	342,344	1,738,456	997,458	740,999	223,910	517,088	115,044	402,044	35.77
75 226 Elizabeth Dr.	Frederick Co.	23,761	1,760,059	290,458	1,469,601	843,116	626,485	216,373	410,112	97,252	312,860	34.28
139 160 Rivendell Ct.	Frederick Co.	42,423	3,158,669	518,537	2,640,132	1,517,403	1,122,728	284,721	838,007	174,713	663,294	37.42
142 411-F South St.	Warren Co.	37,584	2,789,610	458,507	2,331,103	1,337,379	993,724	281,778	711,946	154,263	557,683	36.43
167 21 Crow St.	Clarke Co.	15,589	1,162,302	191,758	970,544	558,038	412,506	168,727	243,779	64,227	179,552	31.95
193 1412 U.S. Hwy. 211 W.	Page Co.	19,944	1,345,398	221,083	1,124,315	644,845	479,470	162,598	316,872	74,403	242,469	34.45
261 2218 Valley Ave.	Winchester City	37,044	2,709,445	447,271	2,262,174	1,299,447	962,727	257,606	705,121	149,701	555,420	37.01
293 5814 Main St.	Shenandoah Co.	13,022	865,801	143,017	722,783	415,162	307,621	111,863	195,758	47,831	147,927	33.60
318 1015 S. Main St.	Shenandoah Co.	20,518	1,394,637	230,359	1,164,278	668,600	495,678	160,980	334,698	77,047	257,650	34.99
387 135 Crooked Run Plz.	Warren Co.	21,422	1,580,130	258,115	1,322,015	757,897	564,119	207,518	356,601	87,486	269,115	33.37
Winchester/Front Royal		304,402	22,123,477	3,643,476	18,480,001	10,607,507	7,872,494	2,503,550	5,368,944	1,222,931	4,146,012	35.21
33 12631 Galveston Ct.	Prince William Co.	25,537	2,234,351	368,364	1,865,987	1,072,645	793,342	370,688	422,654	123,483	299,171	29.88
36 8038 Crescent Park Dr.	Prince William Co.	25,432	2,204,839	362,897	1,841,943	1,060,141	781,802	325,835	455,967	121,892	334,074	31.61
39 10410 Bristow Center Dr.	Prince William Co.	30,935	2,615,161	431,598	2,183,562	1,256,412	927,150	346,520	580,630	144,499	436,131	33.18
40 22000 Dulles Retail Plz.	Loudoun Co.	21,379	2,226,621	366,934	1,859,687	1,070,734	788,953	352,675	436,278	123,067	313,211	30.55
41 12950 Highland Crossing Dr.	Fairfax Co.	16,274	1,675,717	277,008	1,398,709	804,996	593,713	328,044	265,669	92,561	173,108	26.86
42 7469 Richmond Hwy.	Fairfax Co.	28,338	2,333,939	385,855	1,948,083	1,120,134	827,949	324,643	503,307	128,916	374,391	32.57
45 8428 Old Keene Mill Rd.	Fairfax Co.	27,138	2,344,353	386,782	1,957,572	1,126,971	830,601	404,851	425,749	129,544	296,205	29.13
49 881 N. Quincy St.	Arlington Co.	46,218	4,349,163	712,864	3,636,299	2,095,582	1,540,717	489,444	1,051,273	240,635	810,637	35.03
54 42015 Village Ctr. Plz.	Loudoun Co.	36,138	3,526,396	577,549	2,948,847	1,693,863	1,254,983	399,794	855,189	195,143	660,047	35.10
55 9934 Liberia Ave.	Manassas City	38,042	3,244,332	533,818	2,710,515	1,557,034	1,153,481	362,121	791,360	179,371	611,989	35.32
61 22360 S. Sterling Blvd.	Loudoun Co.	25,412	2,127,551	352,077	1,775,474	1,021,049	754,425	325,164	429,260	117,494	311,767	31.20
63 8951 Ox Rd.	Fairfax Co.	17,542	1,526,630	250,724	1,275,906	732,559	543,347	234,391	308,956	84,434	224,522	31.13
73 43150 Broadlands Ctr. Plz.	Loudoun Co.	30,254	2,772,401	456,453	2,315,948	1,332,956	982,992	351,144	631,849	153,260	478,589	33.73
76 7121 Leesburg Pike	Falls Church City	24,975	2,341,762	382,367	1,959,395	1,125,414	833,981	474,952	359,029	129,665	229,364	26.12
78 5331 Merchants View Sq.	Prince William Co.	24,076	2,114,950	347,835	1,767,115	1,018,560	748,555	298,434	450,121	116,940	333,180	32.20
80 6206 Little River Tpk.	Fairfax Co.	31,744	2,871,690	475,153	2,396,537	1,377,179	1,019,358	397,383	621,975	158,593	463,382	32.68
82 46930 Cedar Lakes Plz.	Loudoun Co.	45,470	4,234,812	696,601	3,538,211	2,043,062	1,495,149	453,536	1,041,613	234,144	807,469	35.52
83 7263 Arlington Blvd.	Fairfax Co.	18,745	1,790,542	295,703	1,494,839	863,101	631,737	288,860	342,878	98,922	243,955	30.14
84 3903 Fair Ridge Dr.	Fairfax Co.	15,969	1,538,716	253,027	1,285,689	740,390	545,299	307,058	238,240	85,082	153,159	26.40
85 2930 Chain Bridge Rd.	Fairfax Co.	28,942	2,559,192	420,111	2,139,082	1,230,936	908,146	392,016	516,130	141,556	374,574	31.05
90 12965 Fair Lakes SC	Fairfax Co.	40,316	3,682,231	601,058	3,081,173	1,769,225	1,311,948	449,726	862,222	203,900	658,322	34.20
93 6124 Rose Hill Dr.	Fairfax Co.	23,531	2,030,580	335,171	1,695,409	973,938	721,471	307,560	413,911	112,195	301,716	31.36
94 42385, Ryan Rd.	Loudoun Co.	20,926	2,139,118	352,321	1,786,797	1,029,737	757,059	298,019	459,041	118,243	340,798	32.40
99 601 Post Dr.	Fairfax Co.	40,369	3,876,883	639,057	3,237,826	1,866,582	1,371,244	442,101	929,143	214,266	714,877	34.92
109 1922 Wilson Blvd.	Arlington Co.	26,435	2,585,692	418,076	2,167,616	1,246,056	921,560	380,734	540,826	143,444	397,382	31.54
111 5722 Union Mill Rd.	Fairfax Co.	33,522	2,893,899	474,097	2,419,802	1,385,575	1,034,228	420,195	614,032	160,133	453,900	32.07

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to	
119	901 N. St. Asaph St.	Alexandria City	58,096	5,727,675	942,422	4,785,253	2,755,867	2,029,386	410,196	1,619,190	316,669	1,302,521	39.19
120	5926 Kingstowne Ctr.	Fairfax Co.	37,547	3,646,484	594,324	3,052,159	1,752,057	1,300,102	424,062	876,040	201,980	674,061	34.78
127	13300 Franklin Farm Rd.	Fairfax Co.	17,035	1,558,227	257,092	1,301,134	747,394	553,741	244,356	309,384	86,104	223,281	30.83
131	6920-E. Bradlick Shp. Ctr.	Fairfax Co.	25,417	2,282,831	377,077	1,905,753	1,094,645	811,108	338,204	472,904	126,115	346,789	31.71
133	9130 Mathis Ave.	Manassas City	40,629	3,408,782	562,135	2,846,647	1,636,640	1,210,007	383,068	826,939	188,380	638,559	35.22
136	18 Fairfax St. S.E.	Loudoun Co.	43,249	3,640,453	601,496	3,038,957	1,751,021	1,287,936	348,817	939,120	201,106	738,014	36.80
166	506 Fort Evans Road N.E.	Loudoun Co.	52,463	4,971,964	815,429	4,156,535	2,394,833	1,761,702	456,540	1,305,162	275,063	1,030,099	37.12
168	1001 N. Fillmore St.	Arlington Co.	26,126	2,551,696	416,834	2,134,862	1,226,915	907,946	375,087	532,859	141,276	391,582	31.68
170	1238 Elden St.	Fairfax Co.	36,932	3,485,800	575,914	2,909,886	1,675,446	1,234,440	388,016	846,424	192,564	653,860	35.28
181	106 Washington St.	Loudoun Co.	8,452	947,687	154,978	792,709	457,286	335,423	99,715	235,708	52,458	183,250	35.69
203	3678 King St.	Alexandria City	28,492	2,812,326	462,554	2,349,772	1,349,394	1,000,378	383,682	616,696	155,498	461,198	32.85
208	44110 Ashburn Village Blvd.	Loudoun Co.	27,402	2,473,314	407,763	2,065,551	1,191,966	873,585	312,500	561,085	136,690	424,395	33.65
210	11160 South Lakes Dr.	Fairfax Co.	26,219	2,500,574	411,919	2,088,655	1,202,044	886,611	368,613	517,999	138,219	379,780	31.66
212	167 Hillwood Ave.	Falls Church City	16,171	1,407,411	231,319	1,176,092	677,416	498,677	270,611	228,065	77,829	150,236	27.11
215	320 23rd St. S.	Arlington Co.	32,784	3,234,634	527,504	2,707,129	1,557,077	1,150,053	356,215	793,838	179,147	614,691	35.31
219	8413 Old Courthouse Rd.	Fairfax Co.	70,234	7,621,199	1,223,552	6,397,647	3,673,286	2,724,361	893,240	1,831,120	423,370	1,407,750	34.53
224	13944 Lee Jackson Hwy.	Fairfax Co.	38,403	3,381,772	552,021	2,829,751	1,626,871	1,202,880	436,515	766,365	187,261	579,103	33.45
228	1524 Belle View Blvd.	Fairfax Co.	50,510	4,702,132	769,165	3,932,968	2,262,235	1,670,733	446,922	1,223,811	260,268	963,543	36.85
231	436 E. Maple Ave.	Fairfax Co.	40,356	4,053,159	653,644	3,399,515	1,953,995	1,445,520	531,752	913,767	224,966	688,801	33.12
234	9574 Old Keene Mill Rd.	Fairfax Co.	26,851	2,325,596	384,326	1,941,270	1,116,860	824,410	348,086	476,324	128,465	347,859	31.48
235	8628 Richmond Hwy.	Fairfax Co.	32,797	2,718,542	448,267	2,270,275	1,305,708	964,567	399,951	564,616	150,238	414,378	31.73
236	7200 Little River Tnpk.	Fairfax Co.	38,991	3,300,004	542,317	2,757,687	1,576,254	1,181,433	329,489	851,944	182,493	669,451	36.72
241	11260 James Swart Circle	Fairfax Co.	42,531	3,948,169	642,620	3,305,549	1,899,390	1,406,159	442,905	963,254	218,748	744,506	35.13
248	4709 Lee Hwy.	Arlington Co.	39,719	3,513,892	577,285	2,936,606	1,691,300	1,245,307	517,788	727,519	194,333	533,186	31.60
260	6284 Arlington Blvd.	Fairfax Co.	22,419	2,146,136	351,897	1,794,239	1,035,470	758,769	293,646	465,123	118,735	346,387	32.54
264	16661 River Ridge Blvd.	Prince William Co.	37,523	3,321,097	548,437	2,772,660	1,592,371	1,180,288	380,991	799,298	183,483	615,814	35.06
267	1446 Chain Bridge Rd.	Fairfax Co.	48,809	5,065,958	821,109	4,244,849	2,438,695	1,806,154	526,982	1,279,172	280,907	998,266	35.91
268	6400 Springfield Plz.	Fairfax Co.	60,477	5,465,976	895,704	4,570,272	2,626,345	1,943,927	557,509	1,386,418	302,442	1,083,976	36.22
271	13991 Jefferson Davis Hwy.	Prince William Co.	46,716	4,225,742	698,045	3,527,698	2,029,784	1,497,914	456,897	1,041,017	233,449	807,569	35.63
273	9421 Lorton Market St.	Fairfax Co.	27,701	2,408,408	398,225	2,010,183	1,155,110	855,073	309,614	545,459	133,026	412,433	33.66
286	7555 Linton Hall Road	Prince William Co.	46,188	4,182,302	689,835	3,492,467	2,009,820	1,482,647	458,889	1,023,758	231,117	792,641	35.45
294	3556-E S. Jefferson St.	Fairfax Co.	52,487	4,950,506	813,839	4,136,667	2,383,562	1,753,104	608,832	1,144,272	273,748	870,524	34.02
295	8095 Sudley Rd.	Prince William Co.	57,420	4,897,397	809,106	4,088,291	2,348,654	1,739,637	616,286	1,123,352	270,546	852,805	33.93
301	4292 Merchants Plz.	Prince William Co.	40,665	3,579,020	589,767	2,989,253	1,720,613	1,268,640	402,432	866,208	197,817	668,391	35.15
316	4108 Fortuna Center Plz.	Prince William Co.	35,253	3,046,976	502,341	2,544,635	1,462,980	1,081,655	354,531	727,124	168,394	558,731	34.82
317	9600 E. Main St.	Fairfax City	28,080	2,434,203	401,273	2,032,930	1,169,140	863,790	403,760	460,030	134,531	325,499	29.86
319	2507 N. Harrison St.	Arlington Co.	25,141	2,411,042	395,285	2,015,757	1,160,879	854,877	397,509	457,369	133,395	323,974	29.83
322	14151 St. Germain Dr.	Fairfax Co.	46,785	4,009,576	655,828	3,353,748	1,920,745	1,433,003	461,784	971,218	221,937	749,281	35.04
323	201-A N. Maple St.	Loudoun Co.	37,483	3,233,989	530,643	2,703,345	1,557,028	1,146,317	338,954	807,363	178,896	628,467	35.84
346	8105 Lee Hwy.	Fairfax Co.	42,246	3,967,495	649,901	3,317,594	1,907,196	1,410,398	421,294	989,104	219,545	769,559	35.78
352	2555 John Milton Dr.	Fairfax Co.	23,357	2,148,982	354,071	1,794,911	1,033,132	761,779	295,532	466,247	118,780	347,467	32.65
353	4255 Cheshire Plz.	Prince William Co.	63,480	5,445,979	887,692	4,558,287	2,614,664	1,943,623	601,507	1,342,116	301,649	1,040,467	35.41
357	1454 N. Point Village Shp. Ctr.	Fairfax Co.	42,392	4,196,597	687,845	3,508,752	2,018,401	1,490,351	444,473	1,045,878	232,195	813,683	35.78
358	4312 Wheeler Ave.	Alexandria City	73,116	7,133,652	1,130,444	6,003,207	3,434,499	2,568,708	489,904	2,078,805	397,268	1,681,537	39.42
362	100 Edds Ln.	Loudoun Co.	41,542	3,597,089	591,235	3,005,854	1,730,814	1,275,040	360,510	914,530	198,915	715,615	36.33
367	20070 Ashbrook Commons Pl.	Loudoun Co.	33,178	3,380,054	555,511	2,824,543	1,624,301	1,200,242	353,497	846,746	186,917	659,829	35.96
368	10308 Willard Way	Fairfax City	25,133	1,990,330	327,822	1,662,508	957,421	705,087	330,881	374,207	110,018	264,188	29.74
369	6343 A Columbia Pike	Fairfax Co.	25,617	2,213,706	364,487	1,849,219	1,059,125	790,094	296,766	493,328	122,374	370,954	33.22
371	5739 Burke Centre Pkwy.	Fairfax Co.	28,771	2,518,758	414,438	2,104,320	1,209,716	894,604	285,396	609,208	139,255	469,952	35.11
372	3161 Duke St.	Alexandria City	33,998	3,127,197	516,433	2,610,764	1,503,314	1,107,450	373,149	734,300	172,770	561,531	34.47
374	2955-A S. Glebe Rd.	Arlington Co.	62,986	5,823,481	1,007,081	4,816,400	2,774,468	2,041,932	535,413	1,506,520	318,730	1,187,790	37.69

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
375 2225 Old Bridge Rd.	Prince William Co.	23,658	1,971,445	324,340	1,647,105	947,774	699,331	215,749	483,582	108,999	374,583	35.45
378 2940 Columbia Pike	Arlington Co.	23,658	2,187,809	359,314	1,828,495	1,052,539	775,956	381,005	394,951	121,002	273,949	28.95
384 5109 Westfields Blvd.	Fairfax Co.	26,084	2,264,213	363,790	1,900,423	1,088,631	811,792	311,823	499,969	125,762	374,207	32.59
385 9575 Braddock Rd.	Fairfax Co.	18,896	1,526,558	251,048	1,275,510	732,905	542,606	277,400	265,206	84,408	180,798	28.29
388 8150 Leesburg Pike	Fairfax Co.	6,706	1,028,780	160,877	867,904	491,878	376,026	208,723	167,303	57,434	109,868	26.32
393 10685 Braddock Rd.	Fairfax Co.	6,550	524,213	86,423	437,790	251,717	186,073	143,808	42,265	28,971	13,294	19.02
397 4349 Duke St.	Alexandria City	8,575	801,265	131,779	669,486	385,330	284,155	382,949	(98,794)	44,304	(143,097)	-1.41
Northern Virginia		2,824,159	259,281,778	42,551,327	216,730,451	124,619,751	92,110,700	32,310,614	59,800,087	14,342,341	45,457,746	33.94
37 15149 Montanus Dr.	Culpeper Co.	29,829	2,271,732	374,082	1,897,651	1,088,651	808,999	245,740	563,259	125,579	437,680	35.73
51 265 Turkey Sag Trail	Fluvanna Co.	20,780	1,476,214	242,375	1,233,839	706,680	527,159	166,623	360,536	81,650	278,885	35.31
66 11083-E Marsh Rd.	Fauquier Co.	21,557	1,574,827	259,148	1,315,679	755,927	559,752	215,597	344,155	87,066	257,089	32.78
72 5390 A Lyndon Dr.	Orange Co.	26,684	1,880,304	309,538	1,570,766	903,190	667,576	251,457	416,118	103,947	312,171	33.06
88 4199-B Winchester Rd.	Fauquier Co.	16,958	1,341,039	221,367	1,119,672	643,666	476,006	159,961	316,045	74,095	241,949	34.55
163 583 N. Madison Rd.	Orange Co.	17,225	1,209,072	199,669	1,009,403	577,323	432,079	169,122	262,957	66,798	196,159	32.74
227 S. Main St.	Orange Co.	9,491	648,725	106,458	542,267	310,089	232,178	87,098	145,080	35,885	109,195	33.24
274 28 Madison Plz. Dr.	Madison Co.	10,617	736,555	121,244	615,310	352,811	262,500	115,419	147,081	40,719	106,362	30.90
303 175 Lee Hwy.	Fauquier Co.	60,562	4,796,456	785,999	4,010,457	2,307,809	1,702,648	450,389	1,252,258	265,396	986,863	36.96
329 185 Southgate Shp. Ctr.	Culpeper Co.	25,220	1,853,828	305,703	1,548,125	889,139	658,986	239,932	419,054	102,449	316,605	33.57
Warrenton/Culpeper		238,923	17,788,751	2,925,584	14,863,167	8,535,285	6,327,882	2,101,339	4,226,543	983,584	3,242,959	34.68
46 183 Community St.	Albemarle Co.	23,699	1,985,014	326,237	1,658,776	954,421	704,355	269,741	434,614	109,771	324,843	32.80
50 325 Four Leaf Ln.	Albemarle Co.	14,709	1,248,707	205,148	1,043,560	599,776	443,783	235,327	208,456	69,059	139,397	27.59
70 98 Stoneridge Dr. N.	Greene Co.	21,312	1,511,392	248,683	1,262,709	724,060	538,649	187,015	351,634	83,561	268,073	34.19
125 304 Pantops Ctr.	Albemarle Co.	44,806	3,500,457	575,085	2,925,372	1,680,685	1,244,686	288,528	956,159	193,589	762,570	38.21
126 2819 Rockfish Valley Hwy.	Nelson Co.	9,364	728,795	118,155	610,640	351,514	259,126	107,068	152,058	40,410	111,648	31.53
138 502 E. Main St.	Louisa Co.	22,016	1,394,735	230,557	1,164,177	665,746	498,432	172,972	325,460	77,041	248,419	34.34
185 502 W. Main St.	Charlottesville City	44,105	3,599,821	593,320	3,006,501	1,724,343	1,282,158	332,047	950,112	198,958	751,154	37.35
189 138 Scottsville Village Sq.	Albemarle Co.	10,252	682,503	113,011	569,492	326,341	243,151	100,824	142,327	37,687	104,641	31.89
202 1902 Emmet St.	Charlottesville City	75,673	6,617,752	1,080,274	5,537,478	3,175,309	2,362,169	535,584	1,826,585	366,448	1,460,137	38.39
253 1169 Emmet St.	Charlottesville City	56,613	4,511,518	743,139	3,768,379	2,166,493	1,601,886	431,889	1,169,996	249,376	920,620	36.88
321 77 Callohill Dr.	Nelson Co.	11,719	801,113	132,505	668,608	383,299	285,309	166,413	118,896	44,246	74,650	25.86
359 1872 Rio Hill Ctr.	Albemarle Co.	26,342	2,052,282	337,932	1,714,350	984,941	729,409	233,109	496,300	113,449	382,851	35.12
376 11016 Kentucky Springs Rd.	Louisa Co.	21,509	1,500,347	199,831	1,300,516	747,970	552,547	139,250	413,296	86,063	327,233	35.13
Charlottesville		382,119	30,134,434	4,903,876	25,230,558	14,484,898	10,745,660	3,199,767	7,545,893	1,669,656	5,876,237	35.77
117 309 Twelfth St.	Lynchburg City	37,050	2,685,907	444,671	2,241,237	1,281,141	960,095	247,551	712,545	148,316	564,229	37.56
160 1128 E. Lynchburg Salem Tnpk.	Bedford Co.	25,806	1,684,505	278,777	1,405,729	804,413	601,315	203,274	398,041	93,025	305,016	34.66
176 416 Lusardi Dr.	Campbell Co.	8,955	553,521	91,713	461,808	264,115	197,693	119,524	78,168	30,561	47,608	25.17
262 20401 Timberlake Rd.	Campbell Co.	41,551	2,847,948	471,787	2,376,161	1,362,176	1,013,984	261,300	752,684	157,245	595,440	37.47
266 2118 Wards Rd.	Lynchburg City	41,684	2,838,953	469,925	2,369,028	1,356,586	1,012,442	328,613	683,829	156,773	527,056	35.12
279 18013 Forest Rd.	Bedford Co.	36,255	2,568,136	424,457	2,143,679	1,229,830	913,849	320,177	593,672	141,860	451,812	34.12
281 216 Amelon Square Plz.	Amherst Co.	27,565	1,826,668	302,156	1,524,512	871,777	652,736	209,705	443,031	100,886	342,145	35.27
285 199 Ambriar Shopping Ctr.	Amherst Co.	12,296	824,916	135,620	689,296	395,152	294,144	155,754	138,390	45,615	92,775	27.69
287 4925 Boonsboro Rd.	Lynchburg City	26,737	2,090,766	344,622	1,746,144	1,005,456	740,689	214,771	525,918	115,553	410,366	36.11
347 1301-1 N. Main St.	Campbell Co.	20,190	1,309,265	217,171	1,092,094	624,052	468,042	170,836	297,207	72,270	224,936	33.77
354 7795 Richmond Hwy.	Appomattox Co.	17,413	1,113,067	184,680	928,387	531,362	397,025	181,597	215,427	61,437	153,991	30.43
399 1051 Village Hwy.	Campbell Co.	11,010	737,220	122,016	615,203	351,865	263,338	157,493	105,845	40,712	65,133	25.39
400 14521 Forest Rd.	Bedford Co.	7,103	518,026	85,511	432,515	247,981	184,534	111,596	72,937	28,622	44,315	25.06
Lynchburg		313,614	21,598,899	3,573,107	18,025,792	10,325,905	7,699,886	2,682,191	5,017,695	1,192,874	3,824,821	34.25

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
132 2777 Greensboro Rd.	Henry Co.	25,846	1,723,080	285,757	1,437,323	820,893	616,430	219,000	397,429	95,116	302,313	34.13
146 639 W. Main St.	Danville City	21,788	1,487,964	246,821	1,241,143	710,050	531,093	201,627	329,467	82,134	247,333	33.21
154 235 N. Union St.	Danville City	11,119	661,866	109,986	551,880	314,474	237,406	94,790	142,615	36,521	106,094	32.65
191 400 Old Franklin Tnpk.	Franklin Co.	35,820	2,330,636	385,173	1,945,463	1,115,267	830,197	258,071	572,126	128,743	443,383	35.55
213 12990 B.T. Washington Hwy.	Franklin Co.	37,611	2,645,457	435,843	2,209,615	1,273,580	936,034	303,125	632,909	146,223	486,686	34.87
276 221 Nor-Dan Dr.	Danville City	31,299	2,265,854	375,424	1,890,430	1,081,586	808,844	311,594	497,250	125,101	372,149	32.99
277 985 Fairystone Park Hwy.	Henry Co.	18,654	1,138,968	188,829	950,139	542,961	407,178	163,436	243,741	62,876	180,865	32.46
283 Hwy.s 29 & 703	Pittsylvania Co.	14,336	962,829	159,075	803,754	459,730	344,024	174,789	169,235	53,189	116,046	28.57
291 786 Commonwealth Blvd.	Henry Co.	34,178	2,338,802	387,461	1,951,341	1,116,895	834,446	279,169	555,277	129,132	426,145	34.79
324 301 S. Main St.	Patrick Co.	10,883	726,885	120,555	606,330	347,537	258,793	99,606	159,187	40,124	119,062	32.96
373 3282 Riverside Dr.	Danville City	32,752	2,375,266	393,128	1,982,138	1,134,935	847,204	267,305	579,899	131,170	448,729	35.44
Danville/Martinsville		274,283	18,657,608	3,088,053	15,569,556	8,917,907	6,651,648	2,372,512	4,279,136	1,030,330	3,248,806	33.96
59 3136 Halifax Rd.	Halifax Co.	41,331	2,765,275	457,936	2,307,339	1,324,117	983,222	310,409	672,813	152,690	520,123	35.37
143 812 E. Atlantic St.	Mecklenburg Co.	40,395	2,767,428	459,266	2,308,163	1,326,669	981,493	245,571	735,922	152,745	583,177	37.67
157 302 New Hicks St.	Brunswick Co.	10,766	678,640	112,748	565,892	324,714	241,178	102,867	138,310	37,448	100,862	31.48
172 112 N. Main St.	Mecklenburg Co.	10,347	630,405	104,908	525,497	299,786	225,711	154,413	71,298	34,775	36,523	22.44
214 608 Virginia Ave.	Mecklenburg Co.	16,936	1,127,216	186,877	940,339	539,670	400,669	127,451	273,218	62,228	210,990	35.30
South Boston		119,776	7,968,965	1,321,735	6,647,230	3,814,956	2,832,274	940,712	1,891,562	439,887	1,451,675	34.80
152 1506 S. Main St.	Prince Edward Co.	44,264	2,911,748	482,579	2,429,169	1,393,943	1,035,226	270,772	764,454	160,753	603,701	37.31
161 501 F Main St.	Lunenburg Co.	8,895	514,733	85,618	429,115	245,596	183,519	94,174	89,345	28,397	60,948	28.47
164 1618 W. Virginia Ave.	Nottoway Co.	10,344	631,988	104,946	527,042	301,529	225,513	148,498	77,014	34,877	42,137	23.27
178 974 Main St.	Buckingham Co.	9,906	631,570	104,866	526,704	301,282	225,422	137,783	87,639	34,855	52,784	24.96
196 110 King St.	Charlotte Co.	10,436	663,823	110,156	553,667	316,151	237,516	113,547	123,969	36,639	87,330	29.75
275 1423 S. Main St.	Nottoway Co.	16,701	1,085,398	180,353	905,045	518,662	386,383	172,329	214,053	59,892	154,161	30.82
351 15127 Patrick Henry Hwy.	Amelia Co.	11,290	728,892	120,988	607,904	347,955	259,949	106,665	153,285	40,229	113,056	32.11
Farmville		111,837	7,168,152	1,189,507	5,978,645	3,425,119	2,553,526	1,043,767	1,509,759	395,642	1,114,117	32.14
38 2501 New Kent Hwy.	New Kent Co.	31,055	2,164,716	357,650	1,807,065	1,038,999	768,067	246,204	521,862	119,584	402,278	35.11
77 1800 S. Creek Dr.	Powhatan Co.	19,591	1,352,993	223,761	1,129,232	649,695	479,537	169,848	309,689	74,728	234,961	33.90
86 2610 Buford Rd.	Chesterfield Co.	32,105	2,629,137	428,368	2,200,769	1,262,857	937,912	281,835	656,077	145,638	510,439	35.71
89 34-A Broad St. Rd.	Goochland Co.	21,887	1,705,444	281,571	1,423,873	820,750	603,123	190,639	412,484	94,226	318,258	35.17
97 6504 Hull St.	Richmond City	33,515	2,798,271	463,811	2,334,460	1,344,501	989,959	308,057	681,903	154,485	527,418	35.42
101 3100-A W. Broad. St.	Richmond City	35,067	2,823,663	466,260	2,357,403	1,353,408	1,003,995	388,065	615,930	156,003	459,927	32.80
102 1901 W. Main St.	Richmond City	39,644	3,047,465	491,046	2,556,419	1,458,095	1,098,324	267,822	830,503	169,173	661,329	37.81
104 7028 Woodlake Commons	Chesterfield Co.	40,916	3,041,286	498,555	2,542,730	1,463,000	1,079,731	347,766	731,965	168,268	563,697	34.93
108 10242 Staples Mill Rd.	Henrico Co.	25,467	1,962,874	322,131	1,640,743	942,041	698,703	249,982	448,720	108,578	340,143	33.74
116 12629 Jefferson Davis Hwy.	Chesterfield Co.	57,566	4,452,905	733,859	3,719,046	2,103,151	1,615,894	421,685	1,194,210	246,111	948,098	37.77
150 6030 Brook Rd.	Henrico Co.	33,339	2,441,820	404,011	2,037,809	1,165,866	872,123	271,798	600,325	134,854	465,471	35.61
159 201 Stone Bridge Plz. Ave.	Chesterfield Co.	34,954	2,759,609	456,923	2,302,686	1,318,946	983,740	333,675	650,065	152,382	497,683	34.59
169 10 N. Thompson St.	Richmond City	78,524	6,979,359	1,126,126	5,853,232	3,346,955	2,506,277	410,716	2,095,561	387,343	1,708,218	40.61
171 8700 W. Broad St.	Henrico Co.	35,132	2,934,434	484,921	2,449,512	1,408,527	1,040,986	294,344	746,642	162,099	584,543	36.45
180 2026 E. Main St.	Richmond City	53,658	4,527,509	743,532	3,783,977	2,177,840	1,606,137	325,807	1,280,329	250,408	1,029,921	39.17
182 1217 W. Broad St.	Richmond City	31,688	2,364,055	390,754	1,973,301	1,131,988	841,314	276,278	565,036	130,585	434,451	34.91
187 2421 Venable St.	Richmond City	19,723	1,271,800	211,609	1,060,191	601,289	458,902	173,760	285,142	70,159	214,982	33.54
190 13113 Rittenhouse Dr.	Chesterfield Co.	52,831	4,209,512	688,152	3,521,360	2,022,199	1,499,161	384,338	1,114,823	233,029	881,794	37.30
204 1592 Anderson Hwy.	Cumberland	5,673	362,605	59,779	302,825	173,281	129,544	92,967	36,578	20,040	16,538	21.05
205 2288 John Rolfe Pkwy.	Henrico Co.	20,036	1,533,476	252,819	1,280,657	736,861	543,796	200,654	343,143	84,749	258,394	33.34
207 10106 Brook Rd.	Henrico Co.	32,292	2,650,712	436,559	2,214,153	1,270,237	943,916	320,313	623,603	146,524	477,079	34.47
242 1601 Willow Lawn Dr.	Henrico Co.	41,711	3,402,799	559,951	2,842,849	1,630,398	1,212,451	304,731	907,720	188,128	719,592	37.60

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
243 209 N. Washington Hwy.	Hanover Co.	36,209	2,569,414	424,394	2,145,021	1,231,619	913,402	264,274	649,128	141,949	507,179	36.26
247 9685 W. Broad St.	Henrico Co.	31,598	2,501,119	412,133	2,088,986	1,199,762	889,224	296,946	592,279	138,241	454,038	34.63
251 2924 N. Ave.	Richmond City	14,157	918,724	152,919	765,805	434,032	331,773	158,172	173,601	50,678	122,923	30.02
252 618 W. Southside Plz.	Richmond City	42,177	3,047,953	506,124	2,541,829	1,454,776	1,087,054	338,654	748,399	168,208	580,191	35.64
254 7015 Three Chopt Rd.	Richmond City	25,803	2,160,606	355,435	1,805,171	1,037,164	768,006	310,491	457,515	119,459	338,057	32.10
270 809 E. Parham Rd.	Henrico Co.	34,790	2,546,095	421,176	2,124,919	1,217,679	907,240	350,634	556,607	140,619	415,988	32.88
284 14229 Midlothian Tnpk.	Chesterfield Co.	43,696	3,368,316	555,252	2,813,064	1,618,906	1,194,158	416,079	778,079	186,157	591,922	34.06
292 1521 Parham Rd.	Henrico Co.	29,027	2,305,434	379,886	1,925,548	1,106,765	818,783	274,756	544,027	127,425	416,602	34.55
300 9502 Chamberlayne Rd.	Hanover Co.	32,372	2,370,263	390,972	1,979,291	1,138,367	840,924	252,204	588,720	130,981	457,739	35.81
304 2734 Fairground Rd.	Goochland Co.	15,855	1,121,313	185,246	936,066	539,217	396,849	171,637	225,212	61,945	163,267	31.08
305 3910 Mechanicsville Tnpk.	Henrico Co.	34,631	2,533,023	420,415	2,112,608	1,208,610	903,999	335,255	568,744	139,804	428,940	33.53
308 11252 Patterson Ave.	Henrico Co.	14,500	1,117,487	183,917	933,569	538,158	395,412	168,115	227,297	61,780	165,517	31.27
314 4320 S. Laburnum Ave.	Henrico Co.	78,499	6,126,451	1,004,926	5,121,526	2,938,255	2,183,271	454,893	1,728,378	338,922	1,389,456	39.08
315 7048 Commons Plz.	Chesterfield Co.	39,146	2,886,821	477,129	2,409,692	1,384,259	1,025,433	353,599	671,835	159,464	512,371	34.28
326 2105 Academy Rd.	Powhatan Co.	17,502	1,202,065	199,041	1,003,023	575,791	427,233	147,282	279,951	66,376	213,575	34.33
330 5722 Hopkins Rd.	Chesterfield Co.	37,282	2,807,450	465,405	2,342,045	1,344,591	997,454	298,864	698,589	154,987	543,602	35.94
331 3406 Pump Rd.	Henrico Co.	59,685	5,395,955	882,587	4,513,369	2,596,579	1,916,789	763,484	1,153,305	298,676	854,629	32.19
332 4018 Glenside Dr.	Henrico Co.	26,372	1,851,866	306,029	1,545,837	884,348	661,489	185,972	475,517	102,297	373,220	36.68
334 7057 Mechanicsville Tnpk.	Hanover Co.	47,977	3,481,646	574,978	2,906,667	1,668,694	1,237,973	311,906	926,067	192,351	733,715	37.59
348 7036 Forest Hill Ave.	Richmond City	40,605	3,156,428	518,918	2,637,510	1,517,227	1,120,283	339,044	781,239	174,540	606,699	35.66
350 11108 Midlothian Tnpk.	Chesterfield Co.	67,898	5,366,739	881,299	4,485,440	2,579,202	1,906,237	401,232	1,505,005	296,828	1,208,177	38.93
360 2901 Hermitage Rd.	Richmond City	61,098	4,992,634	818,859	4,173,775	2,400,184	1,773,591	258,436	1,515,155	276,203	1,238,951	41.22
363 9949 Hull St. Rd.	Chesterfield Co.	39,005	2,761,478	457,387	2,304,090	1,320,921	983,170	253,962	729,207	152,475	576,732	37.45
366 1370 Gaskins Rd.	Henrico Co.	30,591	2,625,656	425,199	2,200,457	1,261,458	938,999	338,865	600,135	145,617	454,517	33.50
389 11367 Nuckols Rd.	Henrico Co.	18,857	1,635,329	267,484	1,367,845	786,334	581,511	218,800	362,711	90,518	272,193	33.00
390 16605 Mountain Rd.	Hanover Co.	12,643	864,013	142,335	721,678	414,666	307,012	168,793	138,219	47,758	90,461	26.94
407 13113 River's Bend Blvd.	Chesterfield Co.	3,620	289,476	47,730	241,746	139,322	102,424	70,497	31,927	15,998	15,929	21.99
Richmond		1,711,969	133,420,197	21,939,324	111,480,872	63,957,589	47,523,284	14,164,129	33,359,155	7,377,351	25,981,803	35.92
35 2757 Jefferson Davis Hwy.	Stafford Co.	33,051	2,713,130	447,871	2,265,259	1,301,994	963,265	282,134	681,130	149,906	531,225	36.09
44 18035 Jefferson Davis Hwy.	Caroline Co.	17,420	1,228,114	203,097	1,025,016	586,626	438,390	184,444	253,947	67,831	186,115	31.69
62 1416 Carl D. Silver Pkwy.	Fredericksburg City	41,841	3,586,854	588,223	2,998,631	1,718,397	1,280,234	353,867	926,367	198,437	727,929	36.69
64 43 Town & Country Dr.	Stafford Co.	27,464	2,033,964	335,720	1,698,244	974,905	723,339	243,632	479,707	112,383	367,324	34.57
74 10857 Tidewater Trail	Spotsylvania Co.	15,763	1,164,916	192,460	972,455	557,248	415,207	211,550	203,656	64,353	139,303	28.48
95 10025 Jefferson Davis Hwy.	Spotsylvania Co.	32,940	2,570,424	424,076	2,146,348	1,231,542	914,805	309,950	604,855	142,037	462,818	34.50
103 6348 Jefferson Davis Hwy.	Spotsylvania Co.	15,752	1,088,454	179,832	908,622	519,688	388,934	183,390	205,544	60,129	145,415	29.88
121 507 William St.	Fredericksburg City	28,039	2,347,703	382,959	1,964,745	1,129,646	835,098	199,530	635,569	130,019	505,550	37.85
183 560 Celebrate Virginia Pkwy.	Stafford Co.	27,818	2,193,758	362,548	1,831,209	1,052,210	778,999	254,330	524,669	121,182	403,487	34.92
200 356 Garrisonville Rd.	Stafford Co.	50,293	4,278,594	705,705	3,572,889	2,052,033	1,520,857	397,267	1,123,590	236,439	887,150	37.23
209 5055 Jefferson Davis Hwy.	Spotsylvania Co.	36,029	2,686,481	442,690	2,243,791	1,287,004	956,787	321,699	635,088	148,485	486,603	34.59
221 16424 Consumer Row	King George Co.	15,948	1,229,243	203,259	1,025,984	588,363	437,621	180,367	257,255	67,895	189,359	31.94
239 320 W. Broadus Ave.	Caroline Co.	8,290	537,954	89,124	448,831	256,995	191,835	111,893	79,942	29,702	50,241	25.91
245 1271 Jefferson Davis Hwy.	Fredericksburg City	24,583	1,861,093	307,204	1,553,889	892,027	661,862	220,634	441,228	102,830	338,398	34.69
313 4185 Plank Rd.	Spotsylvania Co.	47,983	3,609,267	595,195	3,014,072	1,731,356	1,282,716	347,554	935,162	199,459	735,703	36.87
Fredericksburg		423,214	33,129,949	5,459,964	27,669,985	15,880,035	11,789,950	3,802,242	7,987,709	1,831,087	6,156,621	35.06
130 700 McKinley Blvd.	Westmoreland Co.	13,105	857,278	141,975	715,304	410,516	304,788	132,803	171,985	47,336	124,649	31.10
149 4699 Richmond Rd.	Warsaw	10,075	671,885	111,113	560,773	321,644	239,129	113,511	125,618	37,110	88,508	29.71
192 101 S. Main St.	Lancaster Co.	40,516	2,793,793	460,503	2,333,290	1,344,517	988,772	347,686	641,087	154,408	486,679	33.90

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
220 17272 King's Hwy.	Westmoreland Co.	8,559	559,037	92,304	466,733	267,669	199,065	93,537	105,528	30,887	74,641	29.86
238 142 Northumberland Hwy.	Northumberland Co.	15,137	949,925	157,020	792,905	455,364	337,541	142,906	194,635	52,471	142,164	31.50
Northern Neck		87,392	5,831,918	962,915	4,869,004	2,799,708	2,069,295	830,443	1,238,852	322,211	916,641	32.23
32 16273 General Puller Hwy.	Middlesex Co.	14,981	976,314	160,198	816,115	470,347	345,768	106,981	238,787	54,007	184,780	35.33
155 2334 York Crossing Dr.	Gloucester Co.	33,507	2,360,622	388,715	1,971,907	1,130,468	841,438	267,988	573,450	130,493	442,958	35.23
175 416 14th St.	King William Co.	21,021	1,398,013	230,811	1,167,202	670,443	496,759	215,605	281,154	77,241	203,913	31.10
179 231 Virginia St.	Middlesex Co.	11,749	793,623	130,866	662,757	382,551	280,206	109,991	170,215	43,859	126,357	32.41
198 Tappahannock Towne Ctr.	Essex Co.	21,972	1,435,646	235,952	1,199,694	688,555	511,139	234,193	276,946	79,391	197,555	30.20
233 6736 Main St.	Gloucester Co.	26,540	1,820,883	300,581	1,520,302	868,838	651,464	205,760	445,704	100,607	345,097	35.46
257 4915 Tappahannock Hwy.	King William Co.	18,265	1,229,193	203,939	1,025,254	588,201	437,053	187,768	249,285	67,847	181,438	31.35
333 10972 Buckley Hall	Mathews Co.	15,079	949,698	156,445	793,253	455,949	337,305	161,387	175,917	52,494	123,423	29.47
West Point/Mathews		163,115	10,963,992	1,807,509	9,156,483	5,255,352	3,901,131	1,489,672	2,411,460	605,939	1,805,521	32.95
60 4330 Westgate Dr.	Dinwiddie Co.	42,158	2,760,455	458,499	2,301,956	1,322,386	979,571	281,207	698,364	152,334	546,029	36.39
114 4575 Whitehill Blvd.	Prince George Co.	34,605	2,728,178	447,943	2,280,235	1,309,885	970,349	265,296	705,054	150,897	554,157	36.73
118 18 Washington St. W.	Petersburg City	18,056	1,211,535	201,607	1,009,928	576,654	433,274	197,510	235,764	66,833	168,931	30.58
144 301 Market Dr.	Emporia City	30,489	2,091,810	347,531	1,744,278	1,001,601	742,677	268,831	473,846	115,429	358,417	33.75
151 210 N. Main St.	Hopewell City	21,034	1,367,528	226,626	1,140,902	655,890	485,012	142,490	342,522	75,500	267,022	36.10
232 3107-3 Blvd.	Colonial Heights City	36,583	2,564,442	424,959	2,139,482	1,226,277	913,205	344,353	568,852	141,582	427,270	33.23
240 Rt. 460	Sussex Co.	11,300	720,308	119,505	600,803	346,370	254,433	96,191	158,242	39,759	118,483	33.04
255 3330 S. Crater Rd.	Petersburg City	43,991	3,158,447	523,524	2,634,923	1,514,135	1,120,787	364,404	756,383	174,368	582,015	35.00
310 5232 Oaklawn Blvd.	Prince George Co.	32,489	2,389,936	396,220	1,993,716	1,143,102	850,614	242,920	607,693	131,936	475,757	36.49
Petersburg/Hopewell		270,704	18,992,638	3,146,415	15,846,223	9,096,301	6,749,921	2,203,202	4,546,720	1,048,639	3,498,081	34.98
43 236 Carmichael Way	Chesapeake City	23,261	1,686,762	277,780	1,408,982	809,432	599,550	204,738	394,813	93,241	301,572	34.35
53 11409 Windsor Blvd.	Isle of Wight Co.	13,112	866,915	143,905	723,010	414,577	308,432	132,704	175,728	47,846	127,882	31.35
69 1620 Cedar Rd.	Chesapeake City	29,892	2,252,414	372,598	1,879,816	1,078,995	800,821	310,071	490,750	124,399	366,351	32.81
79 1434 Sam's Dr.	Chesapeake City	43,881	3,336,429	552,755	2,783,674	1,598,675	1,184,998	370,600	814,398	184,212	630,186	35.46
98 3312 Princess Anne Rd.	Virginia Beach City	33,840	2,654,439	437,204	2,217,235	1,273,902	943,333	314,221	629,113	146,728	482,385	34.64
105 869 Lynnhaven Pkwy.	Virginia Beach City	38,275	2,965,472	487,990	2,477,482	1,419,007	1,058,475	334,930	723,545	163,950	559,595	35.33
106 2973 Shore Dr.	Virginia Beach City	57,549	4,370,859	718,455	3,652,404	2,104,066	1,548,337	370,597	1,177,740	241,701	936,039	37.85
107 141 W. Virginia Beach Blvd.	Norfolk City	71,823	5,930,785	983,389	4,947,396	2,851,636	2,095,759	506,961	1,588,799	327,399	1,261,400	37.85
110 1136 London Blvd.	Portsmouth City	24,829	1,836,189	304,957	1,531,232	877,747	653,485	201,376	452,109	101,331	350,778	35.71
128 159 W. Ocean View Ave.	Norfolk City	48,020	3,281,547	543,447	2,738,100	1,566,398	1,171,702	319,929	851,773	181,196	670,576	37.00
129 1615 General Booth Blvd.	Virginia Beach City	36,434	2,730,067	448,502	2,281,565	1,310,359	971,206	309,671	661,535	150,985	510,551	35.13
134 2301 Colley Ave.	Norfolk City	64,526	5,083,158	840,014	4,243,144	2,438,643	1,804,501	440,695	1,363,806	280,794	1,083,012	37.83
165 550 E. Liberty St.	Chesapeake City	30,103	2,127,174	353,999	1,773,176	990,604	782,572	180,154	602,418	117,342	485,077	39.45
188 4334 Holland Rd.	Virginia Beach City	51,384	3,906,448	646,439	3,260,009	1,873,635	1,386,374	327,034	1,059,340	215,734	843,606	38.14
211 6550 Hampton Rd. Pkwy.	Suffolk City	22,286	1,877,721	310,157	1,567,564	901,081	666,483	269,633	396,850	103,735	293,115	32.13
216 1100 Armory Dr.	Franklin City	33,252	2,175,265	360,901	1,814,365	1,042,459	771,905	234,171	537,735	120,067	417,668	35.79
225 405 30th St.	Virginia Beach City	113,080	8,399,650	1,358,771	7,040,879	4,035,129	3,005,749	512,667	2,493,082	465,937	2,027,145	40.31
226 7862 Tidewater Dr.	Norfolk City	73,498	5,344,808	887,149	4,457,659	2,554,898	1,902,761	497,751	1,405,010	294,990	1,110,021	37.37
237 3812 Geo. Washington Hwy.	Portsmouth City	29,666	2,236,956	371,927	1,865,029	1,068,342	796,687	272,153	524,534	123,420	401,114	34.56
246 5020 Ferrell Pkwy.	Virginia Beach City	30,397	2,319,167	384,725	1,934,442	1,109,097	825,344	266,363	558,981	128,013	430,968	35.17
249 2350 E. Little Creek Rd.	Norfolk City	45,303	3,163,562	524,056	2,639,506	1,515,312	1,124,194	351,809	772,385	174,672	597,713	35.46
256 1612 Laskin Rd.	Virginia Beach City	119,114	9,202,992	1,516,869	7,686,123	4,425,112	3,261,011	636,618	2,624,393	508,636	2,115,756	39.47
263 5900 Virginia Beach Blvd.	Norfolk City	66,287	5,254,691	870,115	4,384,575	2,517,817	1,866,758	475,356	1,391,402	290,153	1,101,249	37.52
278 3333 Virginia Beach Blvd.	Virginia Beach City	95,605	7,699,741	1,249,183	6,450,558	3,698,987	2,751,571	496,318	2,255,253	426,872	1,828,381	39.97
280 1103 S. Military Hwy.	Chesapeake City	76,053	5,868,015	972,893	4,895,122	2,813,554	2,081,568	295,531	1,786,038	323,939	1,462,099	41.50
288 5748 Churchland Blvd.	Portsmouth City	37,069	2,740,969	453,887	2,287,082	1,309,935	977,147	294,894	682,254	151,350	530,904	35.93

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

(continued)

ANALYSIS OF STORE PERFORMANCE • FISCAL YEAR 2016

ABC Stores by Planning District	Locality	Gallons Sold	Gross Sales (1)	Spirits & Wine Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Store Expenses (3)	Net Store Profit Expenses	Allocation of General & Administrative Profit	Adjusted Net Virginia (4)	Rate of Return to
298 821 W. Constance Rd.	Suffolk City	41,161	2,790,943	464,138	2,326,806	1,335,804	991,001	238,796	752,205	153,979	598,226	38.06
299 1917 S. Church St.	Isle of Wight Co.	32,114	2,244,205	371,519	1,872,687	1,076,987	795,700	275,430	520,269	123,927	396,342	34.22
306 2085 Lynnaven Pkwy.	Virginia Beach City	46,083	3,475,497	574,006	2,901,491	1,665,581	1,235,909	313,262	922,647	192,009	730,638	37.54
307 957 & 959 Providence Sq. Ctr.	Virginia Beach City	41,929	3,097,441	511,458	2,585,982	1,487,142	1,098,841	319,470	779,370	171,130	608,241	36.15
311 4020 Victory Blvd.	Portsmouth City	41,353	3,142,266	521,951	2,620,314	1,503,070	1,117,244	370,530	746,714	173,402	573,313	34.86
312 2815 G. Godwin Blvd.	Suffolk City	29,989	2,253,412	372,743	1,880,668	1,079,783	800,886	254,832	546,054	124,455	421,599	35.25
325 22718 Main St.	Southampton Co.	7,908	472,092	78,509	393,582	225,606	167,976	77,279	90,698	26,046	64,652	30.32
328 836 Eden Way N.	Chesapeake City	45,245	3,699,527	609,955	3,089,573	1,772,659	1,316,913	315,007	1,001,906	204,455	797,451	38.04
336 1067 Independence Blvd.	Virginia Beach City	64,856	4,824,132	792,755	4,031,377	2,314,925	1,716,452	496,316	1,220,136	266,780	953,356	36.20
349 237 S. Battlefield Blvd.	Chesapeake City	42,942	3,135,777	517,565	2,618,212	1,504,608	1,113,604	403,879	709,724	173,263	536,462	33.61
355 4300 Portsmouth Blvd.	Chesapeake City	42,376	3,211,129	530,823	2,680,306	1,538,811	1,141,494	333,048	808,446	177,372	631,074	36.18
361 812 Airline Blvd.	Portsmouth City	45,504	3,467,597	574,723	2,892,875	1,660,519	1,232,356	409,764	822,592	191,439	631,153	34.78
370 2181 Upton Dr.	Virginia Beach City	57,208	4,267,826	701,008	3,566,819	2,055,248	1,511,571	352,211	1,159,360	236,038	923,322	38.06
377 3575 Bridge Rd.	Suffolk City	23,643	1,908,631	315,446	1,593,184	915,367	677,817	234,575	443,242	105,430	337,811	34.23
379 5832 Northampton Blvd.	Virginia Beach City	43,061	3,367,248	556,447	2,810,801	1,612,922	1,197,879	322,712	875,167	186,007	689,159	36.99
391 13478 Carrollton Blvd.	Isle of Wight Co.	14,908	1,087,227	180,026	907,201	521,438	385,763	143,122	242,641	60,035	182,606	33.35
409 7550 Granby St., Suite 80	Norfolk City	8,729	672,378	111,177	561,201	321,829	239,373	89,605	149,768	37,138	112,630	33.29
Norfolk/Virginia Beach		1,937,546	146,429,522	24,156,317	122,273,205	70,191,701	52,081,504	13,876,783	38,204,722	8,091,544	30,113,177	37.06
48 6610-I Mooretown Rd.	York Co.	39,993	2,832,231	467,429	2,364,802	1,359,151	1,005,652	279,184	726,467	156,493	569,974	36.63
92 227 Fox Hill Rd.	Hampton City	23,703	1,735,471	287,319	1,448,152	828,981	619,171	225,186	393,985	95,833	298,152	33.74
112 61 N. Mallory St.	Hampton City	32,572	2,518,194	417,503	2,100,690	1,205,987	894,703	302,393	592,310	139,015	453,295	34.58
148 4640-3 Monticello Ave.	James City Co.	58,961	4,781,060	783,680	3,997,381	2,303,281	1,694,100	531,828	1,162,271	264,530	897,741	35.17
158 3214 Jefferson Ave.	Newport News City	26,027	1,881,131	313,179	1,567,952	890,039	677,913	292,442	385,472	103,761	281,711	31.62
217 619 Pilot House Dr.	Newport News City	47,044	3,875,644	642,037	3,233,606	1,858,870	1,374,736	400,458	974,278	213,987	760,291	36.18
222 209 Village Ave.	York Co.	34,533	2,845,625	469,198	2,376,428	1,367,692	1,008,735	367,100	641,635	157,262	484,373	33.51
244 4909 W. Mercury Blvd.	Hampton City	58,344	4,687,754	775,448	3,912,307	2,246,577	1,665,729	324,383	1,341,346	258,901	1,082,445	39.63
250 2078 Nickerson Blvd.	Hampton City	24,051	1,691,760	280,348	1,411,412	808,528	602,884	237,772	365,112	93,402	271,711	32.63
258 3831 Kecoughtan Rd.	Hampton City	32,657	2,370,048	392,797	1,977,250	1,131,145	846,106	265,520	580,585	130,846	449,739	35.55
265 20 Towne Ctr. Way	Hampton City	26,273	2,076,044	344,137	1,731,907	994,586	737,321	316,974	420,348	114,611	305,737	31.30
272 55 Hidenwood Shop. Ctr.	Newport News City	29,231	2,201,193	364,230	1,836,963	1,054,594	782,368	237,853	544,516	121,563	422,953	35.76
282 2400 Cunningham Dr.	Hampton City	73,018	6,442,135	1,065,601	5,376,535	3,088,190	2,288,344	507,820	1,780,524	355,797	1,424,727	38.66
290 5226 Geo. Washington Hwy.	York Co.	30,174	2,158,411	356,050	1,802,361	1,036,037	766,324	251,892	514,432	119,273	395,159	34.80
320 1246 Richmond Rd.	Williamsburg City	45,022	3,528,487	573,245	2,955,241	1,693,493	1,261,749	359,385	902,363	195,566	706,797	36.28
335 801 F Merrimac Trail	York Co.	28,663	2,231,864	369,307	1,862,557	1,069,454	793,103	287,119	505,984	123,256	382,728	33.70
340 309-A Oyster Point Rd.	Newport News City	42,430	3,344,190	553,323	2,790,867	1,601,969	1,188,898	273,802	915,096	184,688	730,407	38.39
341 621 Stoney Creek Ln.	Newport News City	72,130	5,689,216	938,469	4,750,747	2,724,937	2,025,810	474,298	1,551,512	314,385	1,237,127	38.24
342 10872 Warwick Blvd.	Newport News City	22,206	1,663,013	275,387	1,387,626	795,808	591,818	220,107	371,711	91,827	279,884	33.39
381 1480-3C Quarter Path Rd.	Williamsburg City	16,797	1,343,437	221,606	1,121,831	646,595	475,236	202,085	273,151	74,238	198,912	31.30
382 475 Wythe Creek Plz.	Poquoson City	19,978	1,398,431	230,626	1,167,805	669,868	497,937	181,844	316,093	77,281	238,812	33.57
417 201 Tradesman Way	York Co.	1,516	110,965	18,273	92,692	53,228	39,464	54,964	(15,500)	6,134	(21,634)	-3.03
Newport News/Hampton		785,325	61,406,303	10,139,192	51,267,111	29,429,012	21,838,099	6,594,408	15,243,692	3,392,649	11,851,042	35.81
156 22485 Lankford Hwy.	Northampton Co.	17,457	1,207,346	199,502	1,007,843	580,567	427,276	155,291	271,985	66,695	205,290	33.53
162 7017 Lankford Hwy.	Accomack Co.	12,586	871,484	143,829	727,655	416,336	311,319	167,247	144,072	48,153	95,919	27.51
177 4371 Pension St.	Accomack Co.	11,948	819,761	134,693	685,068	394,130	290,938	120,760	170,178	45,335	124,843	31.66
223 4090-B Lankford Hwy.	Northampton Co.	15,685	956,740	158,168	798,572	458,424	340,147	191,955	148,193	52,846	95,346	26.50
344 Four Corners Plz. Shp. Ctr.	Accomack Co.	24,744	1,658,522	274,192	1,384,330	793,944	590,386	192,070	398,316	91,609	306,706	35.03
Eastern Shore		82,420	5,513,853	910,386	4,603,467	2,643,402	1,960,066	827,323	1,132,743	304,639	828,104	31.53
Statewide Totals		11,379,647	\$894,966,185	\$147,331,451	\$747,664,735	\$429,247,855	\$318,416,879	\$101,731,655	\$216,685,224	\$49,477,416	\$167,207,809	35.14

(1) Includes state taxes, but does not include 5 percent sales tax.

(2) State taxes on distilled spirits (20 percent) and wine (4 percent) sold in ABC stores.

(3) Store expenses include miscellaneous revenue and net cash overages.

(4) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

ANALYSIS OF DISTILLERY STORE PERFORMANCE • FISCAL YEAR 2016

ABC Distillery Stores	Gross Sales (1)	Spirits Taxes (2)	Net Sales	Cost of Goods Sold	Gross Profit	Commission	Case Handling Fee	Allocation of General & Administrative Expenses	Adjusted Net Profit	Rate of Return (3)
16 Virginia Distillery	136,048.65	27,209.73	108,838.92	66,780.00	42,058.92	10,883.90	790.00	5,305.00	25,080.02	38.43%
17 James River	8,717.12	1,743.42	6,973.70	4,192.07	2,781.63	697.37	48.00	274.00	1,762.26	40.22%
18 Chesapeake Bay	38,409.25	7,681.85	30,727.40	18,287.57	12,439.83	3,072.74	298.00	1,222.00	7,847.09	40.43%
19 Williamsburg	27,824.65	5,564.93	22,259.72	13,360.52	8,899.20	2,140.17	126.00	1,360.00	5,273.03	38.95%
20 KO Distilling	58,062.91	11,612.58	46,450.33	27,608.43	18,841.90	3,882.24	248.00	2,855.00	11,856.66	40.42%
21 Old House	69,267.69	13,853.54	55,414.15	32,617.86	22,796.29	4,333.52	276.00	3,420.00	14,766.77	41.32%
22 Reservoir	34,569.87	6,913.97	27,655.90	16,260.00	11,395.90	2,765.60	176.00	1,688.00	6,766.30	39.57%
23 Murlarkey	70,226.58	14,045.32	56,181.26	33,139.50	23,041.76	5,618.13	528.00	2,700.00	14,195.63	40.21%
24 Mt. Defiance	92,109.74	18,421.95	73,687.79	42,345.75	31,342.04	5,866.43	360.00	4,479.00	20,636.61	42.40%
25 River Hill	37,153.94	7,430.79	29,723.15	17,121.51	12,601.64	2,168.17	272.00	1,816.00	8,345.47	42.46%
26 Garofalo Artisan	4,941.37	988.27	3,953.10	2,296.47	1,656.63	244.78	16.00	242.00	1,153.85	43.35%
27 Appalachian Mt.	50,979.20	10,195.84	40,783.36	24,465.43	16,317.93	2,403.73	154.00	2,466.00	11,294.20	42.15%
28 Silverback Spirits	306,008.40	61,201.68	244,806.72	146,892.09	97,914.63	17,199.19	1,910.00	15,151.00	63,654.44	40.80%
29 Davis Valley	59,476.23	11,895.25	47,580.98	28,450.00	19,130.98	3,089.01	232.00	2,920.00	12,889.97	41.67%
30 Copper Fox	493,007.76	98,601.55	394,406.21	236,828.61	157,577.60	28,134.82	1,346.00	24,204.00	103,892.78	41.07%
31 Mt. Vernon	651,352.00	130,270.40	521,081.60	301,883.44	219,198.16	33,787.36	9,596.00	26,872.00	148,942.80	42.87%
34 Belmont	162,810.49	32,562.10	130,248.39	78,535.52	51,712.87	9,687.69	1,014.00	8,042.00	32,969.18	40.25%
65 Catocin Creek	299,668.10	59,933.62	239,734.48	145,300.42	94,434.06	17,961.72	1,602.00	14,689.00	60,181.34	40.08%
91 Bowmans	338,729.46	67,745.89	270,983.57	166,950.11	104,033.46	20,701.56	2,388.00	16,586.00	64,357.90	39.00%
Statewide Distillery Totals	\$2,939,363.41	\$587,872.68	\$2,351,490.73	\$1,403,315.30	\$948,175.43	\$174,638.13	\$21,380.00	\$136,291.00	\$615,866.30	40.95%

(1) Includes state taxes, but does not include 5 percent sales tax. (2) State taxes on distilled spirits sold in ABC stores (20 percent). (3) "Rate of return" = (adjusted net profit + state taxes) ÷ gross sales

2016 ESTABLISHMENTS BY LICENSE CATEGORY—CITIES



Cities (1)	All Others (2)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (3)	Restaurants (Beer and Wine)	Wineries	Grand Total
Alexandria	11	0	3	1	3	1	7	6	18	3	0	14	22	26	14	137	199	0	465
Bedford	0	0	0	0	0	0	1	0	5	0	0	0	1	5	0	3	6	1	22
Bristol	1	0	2	2	2	0	1	0	19	1	0	3	3	6	3	14	24	0	81
Buena Vista	0	0	0	0	0	0	0	0	2	0	0	1	0	4	0	1	5	0	13
Charlottesville	9	2	7	7	6	0	15	6	28	1	2	5	15	15	6	110	171	0	405
Chesapeake	12	0	5	11	1	0	1	10	93	0	0	20	32	22	5	124	180	0	516
Colonial Heights	0	0	0	0	0	0	0	2	15	0	0	4	4	4	2	17	26	0	74
Covington	1	0	0	0	0	0	0	0	4	0	0	1	1	3	0	1	6	0	17
Danville	3	1	1	2	1	0	1	6	49	0	0	6	7	28	1	22	36	1	165
Emporia	0	0	0	0	0	0	0	1	12	0	0	2	1	6	0	3	4	0	29
Fairfax	1	0	1	0	0	0	1	3	3	0	0	5	9	9	0	37	74	0	143
Falls Church	1	0	0	0	1	0	1	2	3	0	0	3	6	7	1	27	49	0	101
Franklin	1	0	0	0	0	0	0	1	10	0	0	1	2	3	0	4	6	0	28
Fredericksburg	2	2	1	2	2	0	3	0	17	0	0	2	7	8	5	58	91	0	200
Galax	0	1	0	0	1	0	0	1	4	0	0	2	2	5	0	7	12	1	36
Hampton	11	1	2	2	4	1	2	17	76	0	0	14	15	18	4	66	96	0	329
Harrisonburg	3	2	2	2	4	0	2	6	24	0	0	5	11	16	4	46	75	0	202
Hopewell	3	0	0	0	0	0	0	6	18	0	0	2	2	7	0	11	18	0	67
Lexington	2	2	0	0	1	0	3	0	2	0	0	1	4	1	1	11	21	0	49
Lynchburg	11	1	0	4	0	0	4	6	44	0	0	7	13	18	5	54	85	0	252
Manassas	2	0	1	1	3	0	1	3	5	0	1	6	4	25	0	23	44	0	119
Manassas Park	0	0	0	0	0	0	0	0	2	0	0	0	0	6	0	4	7	0	19
Martinsville	2	0	0	0	0	0	0	2	10	0	0	1	2	7	0	10	14	0	48
Newport News	7	0	2	2	1	1	4	11	96	1	1	13	20	27	7	98	160	0	451
Norfolk	20	2	1	2	7	4	13	26	88	0	1	19	32	33	8	184	250	2	692
Norton	0	0	0	0	0	0	0	0	5	1	0	0	1	2	1	4	6	0	20
Petersburg	3	0	1	3	2	0	0	5	36	0	0	3	4	13	0	22	36	0	128
Poquoson	1	0	0	0	0	0	0	1	3	0	0	1	2	3	0	5	12	0	28
Portsmouth	5	1	0	0	0	2	0	12	60	0	0	10	9	16	2	40	50	0	207
Radford	1	0	0	0	0	0	1	1	5	0	0	1	0	6	0	9	15	0	39
Richmond	32	4	9	10	11	1	21	20	169	5	4	18	24	52	8	291	397	5	1081
Roanoke	8	1	0	4	2	1	4	9	86	0	0	8	14	27	6	87	133	0	390
Salem	4	0	3	4	1	0	2	6	21	0	0	4	5	3	0	17	32	0	102
Staunton	2	2	0	0	3	0	3	3	12	1	0	4	8	10	1	16	37	2	104
Suffolk	8	1	0	0	0	0	0	4	37	2	0	8	13	9	3	39	56	0	180
Virginia Beach	33	2	4	5	8	6	10	12	152	1	1	45	62	45	23	421	560	1	1391
Waynesboro	1	2	0	0	0	0	0	2	12	0	0	3	5	8	0	16	27	0	76
Williamsburg	11	9	1	2	1	0	4	0	9	0	1	3	6	0	4	46	61	3	161
Winchester	3	1	2	2	3	0	2	4	11	0	0	5	7	12	3	47	72	0	174
Grand Total	215	37	48	68	68	17	107	194	1265	16	11	250	375	515	117	2132	3153	16	8604

(1) All cities are “wet” (approved for liquor by the drink). Nine counties are “dry” (see pages 35–36); however, beer and wine may be served. Referendums may allow for mixed beverages in certain towns located within dry counties.

(2) “All Others” includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.

(3) “Restaurants (Mixed Beverage)” represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.

Source: CORE, July 2016

2016 ESTABLISHMENTS BY LICENSE CATEGORY—COUNTIES



Counties (1)	All Others (2)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (3)	Restaurants (Beer and Wine)	Wineries	Grand Total
Accomack	6	6	2	3	0	0	0	3	29	1	0	2	9	16	2	23	36	0	138
Albemarle	30	6	2	24	4	0	8	9	38	0	3	3	28	6	10	43	86	37	337
Alleghany	0	0	0	0	0	0	0	4	8	0	0	1	1	9	0	7	16	0	46
Amelia	0	0	0	0	0	0	0	1	12	0	0	1	0	3	0	2	7	0	26
Amherst	1	1	0	4	1	0	1	1	17	0	0	2	3	13	0	10	18	4	76
Appomattox	1	0	0	0	0	0	0	2	9	0	0	1	2	9	1	4	7	0	36
Arlington	6	0	0	1	3	4	8	6	36	0	0	23	28	42	27	222	323	0	729
Augusta	2	2	2	6	3	0	0	3	35	0	0	2	9	18	1	11	23	4	121
Bath	2	1	0	0	0	0	0	0	5	0	0	0	1	5	3	5	8	0	30
Bedford	6	1	0	5	2	1	1	7	26	0	0	4	7	17	1	21	42	5	146
Bland County (Dry)	0	0	0	0	0	0	0	0	3	0	0	0	0	6	0	0	1	0	10
Botetourt	2	0	2	5	1	0	0	1	18	1	0	1	3	10	0	7	20	3	74
Brunswick	2	0	0	2	0	0	0	0	16	0	0	1	0	8	1	3	7	0	40
Buchanan County (Dry)	0	0	0	0	0	0	0	1	19	1	0	2	2	8	0	1	3	0	37
Buckingham	1	0	0	0	0	0	0	0	13	0	0	0	1	6	0	1	2	0	24
Campbell	3	0	0	1	1	0	1	3	35	0	1	4	5	20	0	13	22	4	113
Caroline	0	1	0	0	1	0	0	2	27	0	0	1	1	6	0	6	15	1	61
Carroll	3	0	0	2	0	0	0	1	15	0	1	1	1	9	1	4	8	2	48
Charles City	1	3	0	0	0	0	0	0	4	0	0	0	0	1	0	2	5	1	17
Charlotte County (Dry)	1	1	0	1	0	0	0	1	14	0	0	1	0	10	1	0	2	0	32
Chesterfield	11	0	3	2	2	0	4	7	117	2	0	30	40	45	5	154	230	2	654
Clarke	6	2	0	3	0	0	0	3	9	1	0	0	3	4	0	3	8	4	46
Craig County (Dry)	0	0	0	0	0	0	0	0	2	0	0	0	0	2	0	0	0	0	4
Culpeper	6	1	2	8	2	0	1	5	16	1	2	3	6	18	4	21	32	6	134
Cumberland	0	0	0	0	0	0	0	0	9	0	0	0	0	1	0	1	3	0	14
Dickenson	0	0	0	0	0	0	0	1	9	1	0	1	0	7	0	0	1	0	20
Dinwiddie	1	0	0	0	0	0	0	1	22	0	0	2	1	9	0	4	6	0	46
Essex	2	1	0	2	0	0	0	1	11	0	0	1	3	5	0	8	12	2	48
Fairfax	44	0	57	59	9	0	33	27	46	2	2	67	128	160	38	586	959	2	2219
Fauquier	19	1	2	24	1	0	3	4	33	2	0	5	13	13	4	36	56	31	247
Floyd	1	1	0	1	0	0	0	2	4	0	1	0	2	4	0	5	10	3	34
Fluvanna	1	0	0	2	0	0	0	0	9	0	0	1	5	3	0	6	10	4	41
Franklin	5	1	1	3	2	0	2	2	25	0	2	4	4	19	0	23	35	2	130
Frederick	6	2	3	6	0	0	1	4	31	1	1	6	19	19	3	28	44	5	179
Giles	0	1	0	1	1	0	1	4	13	3	0	2	1	10	1	2	6	1	47
Gloucester	2	0	0	0	0	0	0	3	21	1	0	3	7	7	0	15	25	0	84
Goochland	5	1	2	4	3	0	1	3	11	0	0	0	1	5	0	13	19	4	72
Grayson County (Dry)	0	0	0	0	0	0	0	0	7	1	0	0	0	5	0	0	2	0	15
Greene	2	0	0	1	0	0	1	1	7	0	0	1	2	6	0	5	15	4	45
Greensville	0	0	0	0	0	0	0	1	11	0	0	0	0	1	0	1	1	0	15
Halifax	4	1	0	6	0	0	0	4	23	0	1	2	2	25	1	9	24	4	106
Hanover	13	0	7	14	1	0	3	7	45	1	0	8	16	20	0	52	86	2	275
Henrico	29	1	6	12	6	0	13	17	141	1	0	33	42	37	22	191	302	0	853
Henry	5	0	0	2	0	0	1	5	38	0	0	6	1	31	1	4	18	2	114
Highland County (Dry)	0	0	0	1	0	0	0	0	1	0	0	0	0	6	0	0	1	1	10
Isle of Wight	1	0	0	0	1	0	0	4	22	0	0	2	8	5	1	8	16	3	71
James City	3	0	1	1	2	0	1	4	21	0	2	4	14	4	5	49	72	2	185
King & Queen	1	0	0	0	0	0	0	0	3	1	0	0	0	3	0	1	2	0	11
King George	2	0	0	1	0	0	0	0	13	0	0	1	3	2	0	8	15	2	47
King William	0	0	0	0	0	0	0	1	8	0	0	1	2	6	0	7	12	0	37
Lancaster	3	1	0	2	0	1	0	4	10	0	0	2	5	4	3	18	25	2	80
Lee County (Dry)	0	0	0	0	0	0	0	2	19	0	0	1	1	8	0	0	3	0	34
Loudoun	42	1	11	39	24	17	10	7	30	3	3	20	52	65	13	216	371	48	972
Louisa	4	0	0	2	0	0	0	2	22	1	0	2	3	13	2	13	18	2	84
Lunenburg	2	0	0	0	0	0	0	4	8	0	0	0	1	8	0	0	3	0	26
Madison	3	2	0	3	0	0	0	0	7	0	0	0	1	4	1	3	6	8	38
Mathews	1	1	0	0	0	0	0	2	6	0	0	0	1	3	0	3	6	0	23
Mecklenburg	4	0	0	3	0	0	0	10	41	1	1	3	1	17	0	10	20	3	114
Middlesex	4	0	0	0	0	0	0	1	6	1	0	0	3	7	0	11	16	0	49
Montgomery	4	2	0	2	3	0	4	2	42	0	0	6	12	16	5	50	80	3	231
Nelson	12	2	0	8	5	0	1	1	15	1	3	0	0	8	2	5	9	15	87
New Kent	2	2	0	2	0	0	0	0	13	0	0	2	3	4	0	9	17	3	57
Northampton	3	2	1	5	0	0	1	1	16	0	0	1	2	4	0	13	16	1	66

(continued)

2016 ESTABLISHMENTS BY LICENSE CATEGORY—COUNTIES

(continued)



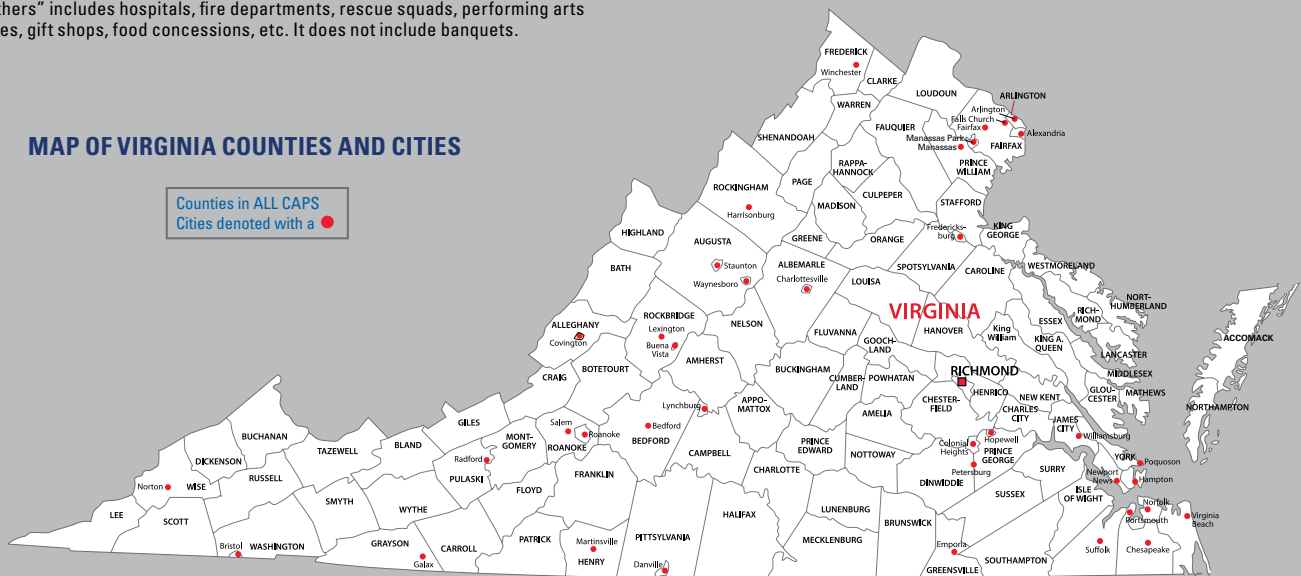
Counties (1)	All Others (2)	Bed and Breakfasts	Beer/Wine Importers	Beer/Wine Wholesalers	Breweries	Carrier Licensees	Caterer Establishments	Clubs	Convenience Stores	Delicatessens	Distilleries	Drug Stores	Gourmet / Gourmet Brew Shops	Grocery / Grocery-Gourmet Stores	Hotels/Resorts	Restaurants (Mixed Beverage) (3)	Restaurants (Beer and Wine)	Wineries	Grand Total
Northumberland	3	0	0	2	0	0	0	3	7	0	0	1	1	6	0	6	12	2	43
Nottoway	0	0	1	3	0	0	0	4	16	0	0	0	2	6	0	7	15	0	54
Orange	5	5	0	3	1	0	3	2	20	1	0	3	2	8	1	14	28	6	102
Page	7	5	1	2	0	0	0	3	14	0	1	1	3	11	1	5	17	3	74
Patrick County (Dry)	1	1	0	1	0	0	0	1	11	0	1	1	1	11	0	3	11	2	45
Pittsylvania	5	0	1	7	0	0	0	3	37	0	0	1	0	25	0	6	15	4	104
Powhatan	3	0	0	0	0	0	0	1	15	0	0	0	1	3	0	14	19	2	58
Prince Edward	1	0	0	0	0	0	2	2	18	0	0	3	1	4	0	11	17	0	59
Prince George	1	1	0	0	0	0	1	2	13	0	0	1	1	7	0	9	16	0	52
Prince William	19	0	13	15	3	1	3	9	37	2	1	23	41	114	8	175	281	3	748
Pulaski	3	0	1	4	1	0	0	5	15	0	0	5	4	19	0	8	14	3	82
Rappahannock	8	6	1	6	2	0	0	0	2	0	1	0	1	4	1	6	9	8	55
Richmond	1	0	0	7	0	0	1	0	6	0	0	1	0	3	0	1	5	1	26
Roanoke	4	0	4	5	0	0	3	3	35	0	0	4	10	11	1	37	64	2	183
Rockbridge	4	5	0	3	2	0	4	2	18	0	0	0	3	10	4	4	15	3	77
Rockingham	6	1	0	3	2	0	1	3	33	0	0	2	7	14	0	13	32	4	121
Russell County (Dry)	1	0	0	1	0	0	0	3	15	0	1	1	2	4	0	2	4	1	35
Scott	0	0	0	0	1	0	0	0	17	0	0	1	2	13	0	0	2	0	36
Shenandoah	5	1	1	6	2	0	0	9	23	0	1	3	5	23	3	10	32	9	133
Smyth	1	1	0	1	0	0	0	1	19	1	3	3	1	16	1	6	13	2	69
Southampton	0	0	0	0	0	0	0	2	15	0	0	1	1	5	0	1	3	0	28
Spotsylvania	6	1	3	5	4	0	4	7	56	1	1	13	15	20	0	53	83	6	278
Stafford	13	1	3	6	3	0	3	6	47	0	0	8	11	14	1	47	77	2	242
Surry	0	0	0	1	0	0	0	0	7	0	0	0	0	2	0	2	3	2	17
Sussex	0	0	1	0	0	0	1	1	14	0	0	0	1	10	0	2	8	0	38
Tazewell	2	0	0	1	0	0	0	2	24	1	0	2	6	25	0	7	14	1	85
Warren	3	2	1	5	1	0	0	4	26	0	0	2	4	10	0	21	40	5	124
Washington	2	6	1	4	4	0	1	1	34	0	0	3	7	17	2	14	27	1	124
Westmoreland	6	2	0	4	0	0	0	7	9	0	0	2	2	9	1	12	20	4	78
Wise	1	0	0	1	0	0	0	1	27	0	0	5	3	12	1	5	8	1	65
Wythe	2	0	0	2	0	0	0	3	18	1	0	2	2	17	1	12	13	2	75
York	9	2	0	2	3	1	1	2	29	1	0	7	12	8	5	35	60	4	181
Grand Total	442	88	136	373	107	25	128	284	2019	36	33	369	661	1326	190	2524	4240	315	13296

- (1) All counties are "wet" (approved for liquor by the drink) unless indicated as "dry." Nine counties are "dry" (not approved for liquor by the drink); however, beer and wine may be served. Referendums may allow for mixed beverages in certain towns located within dry counties. Following are the "dry" counties in Virginia: Bland, Buchanan, Charlotte, Craig, Grayson, Highland, Lee, Patrick and Russell.
- (2) "All Others" includes hospitals, fire departments, rescue squads, performing arts facilities, gift shops, food concessions, etc. It does not include banquets.

- (3) "Restaurants (Mixed Beverage)" represents the total number of wine and beer establishments also having mixed beverage licenses. These licenses are included in the grand total column.

Source: CORE, July 2016

MAP OF VIRGINIA COUNTIES AND CITIES





Virginia ABC Welcomes Bike Visitors from Across the Globe

Responsible drinking message promoted

When the UCI Road World Championships came to Richmond in September 2015 bringing 5,284 credentialed participants and more than a half million spectators, Virginia ABC was there.

The agency capitalized on this nine-day cycling event by raising awareness of Virginia's drinking laws and safe drinking practices. It also touted the Commonwealth's burgeoning spirits industry to a global audience.

Fifteen ABC stores closest to the bike route distributed free baseball-style cards showcasing Virginia products. Each card featured the photo of a spirit from one of Virginia's distilleries on the front and product descriptions, pricing information, a link to the store locator on the agency's website and safe drinking trivia on the back.

An additional 20 stores (35 total) also offered a "Virginia is for Lovers" cowbell—the premier noise-maker for cycling events—with the purchase of any 750 ml or larger bottle of Virginia-made spirit or wine. The cowbells were provided by Virginia Tourism Corporation through a partnership with Virginia ABC. More than 3,500 bells were distributed.

Virginia ABC hosted a booth in the event's fan appreciation area located in the Richmond Convention Center, just blocks from the race's finish line on Broad Street. The sign (above right) served as the centerpiece of the booth manned by the agency's Communications and Marketing divisions. Visitors to the booth were invited to sample non-alcoholic mixers and "spin the wheel" for an alcohol- or prevention-related question/prize.

The race attracted visitors from 34 states and 29 countries.


More than **3,500** Virginia is for Lovers **COWBELLS** were distributed to customers who purchased **VIRGINIA-MADE** spirits or wines.



(Top): Pictured in an ABC store (from left) ABC Commissioner Judy Napier, then-Secretary of Agriculture Todd Haymore, Secretary of Public Safety and Homeland Security Brian Moran, Virginia Tourism Corporation (VTC) President Rita McClenny, VTC Vice President of Marketing Diane Bechamps and ABC Chief Operating Officer Travis Hill celebrate in a Richmond ABC store the partnership between ABC and VTC that featured Virginia-made products.

(Above): As the world prepared to ride in Richmond, the agency also used the global audience to tout the Commonwealth's burgeoning spirits industry.

21 FOR ALCOHOL
21 POUR L'ALCOOL
21 PER ALCOOL
21 PARA ALCOHOL
21 für Alkohol
21 PARA O ÁLCOOL
21 для АЛКОГОЛЯ
21 为 酒精

Please drink responsibly. 

FINANCIAL STATEMENTS TABLE OF CONTENTS

FISCAL YEAR 2016 marked Virginia ABC's 18th consecutive record-setting year in sales and profits. Total gross sales were \$897.8 million, \$49.4 million higher than last year. Profits were \$164.9 million, an increase of 8 percent from the previous fiscal year. Retail sales increased 5.4 percent over the previous year and sales to mixed beverage licensees were up 7.4 percent.

FINANCIAL STATEMENT CONTENTS

39

Management's Discussion and Analysis (Unaudited)	40
Independent Auditor's Report on Financial Statements	45
Statement of Net Position	48
Statement of Revenues, Expenses and Changes in Net Position	49
Statement of Cash Flows	50
Notes to Financial Statements	51
Required Supplementary Information	68
Notes to Required Supplementary Information	70

CONTACTING THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of ABC's finances and to demonstrate ABC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Virginia Department of Alcoholic Beverage Control at 2901 Hermitage Road, Richmond, Virginia 23220 or visit us at www.abc.virginia.gov.

IRELAND'S AMBASSADOR VISITS PREMIER STORE

The agency welcomed an important guest when Anne Anderson, Ireland's Ambassador to the United States, visited its Short Pump premier store on February 18. Chairman Painter and COO Hill and Secretary of Public Safety and Homeland Security Brian Moran welcomed the Ambassador whose visit marked the first official one of a foreign dignitary to an ABC store in agency history. The group toured the location and discussed various aspects of ABC's business model, the spirits market and Virginia ABC's partnership with Irish distillers.

During the visit the ambassador examined a special display of Irish products which included more than 20 whiskies and cream liqueurs. She commended Virginia ABC's efforts in promoting Irish spirits. Virginia had one of the largest increases in sales of Irish products in the nation. In calendar year 2015, Virginia ABC sold nearly \$22.6 million in Irish products, up 12.5 percent from the previous year. This included an 18.7 percent increase (\$14.8 million) in Irish whiskey sales alone.

This visit served to deepen Virginia ABC's ties with an important business partner.



Chairman Painter presented the ambassador with a personal gift of Virginia products including bottles of vodka, gin and coffee liqueur.

VIRGINIA ABC
AT A GLANCE



COMMONWEALTH of VIRGINIA

Department of Alcoholic Beverage Control

COMMISSIONERS

JEFFREY L. PAINTER, CHAIRMAN
JUDITH G. NAPIER
HENRY L. MARSH, III

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This discussion and analysis of the Virginia Department of Alcoholic Beverage Control's (ABC) financial performance provides a brief overview of financial activities for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

- ABCs operating revenues increased 5.7% in Fiscal Year 2016.
- ABC operations returned record profits to the Commonwealth in Fiscal Year 2016 of \$165.2 million and excise taxes of \$147.9 million. The increase in profits for Fiscal Year 2016 is primarily due to the opening of eight new stores and an increase in sales throughout all stores.
- Eight new stores opened in Fiscal Year 2016 generating \$4.3 million in sales. Ten stores were relocated to improved market areas. Eight stores were modernized, out of the eight stores, seven were expansions and one was a reduction. No stores were closed.
- During the 2012 legislative session, the General Assembly passed a new law (HB 896) which allowed the Board to open any Virginia ABC retail location on Sunday. In Fiscal Year 2016, all stores opened on Sundays with the exception of three primarily licensee stores. Total Sunday sales increased by \$3.2 million, or 6.5%, from Fiscal Year 2015 to Fiscal Year 2016.
- ABC's operating expenses increased 5.0% in Fiscal Year 2016. The cost of goods sold for alcohol increased \$21.3 million from Fiscal Year 2015, due to the increased sales volume and the addition of eight new stores. Personal Service cost increased by \$3.6 million from Fiscal Year 2015. The increase in Personal Service cost is primarily attributed to the addition of staff for the operation of the eight new stores for Fiscal Year 2016. Continuous Charges increased by \$1.3 million primarily due to standard contractual increases in building rentals and the addition of eight new store buildings. In addition, Contractual Services increased by \$2.0 million primarily due to an increase in credit card fees and the addition of the eight new stores.

OVERVIEW OF FINANCIAL STATEMENTS

The audited annual report consists of a series of proprietary fund financial statements. The Statement of Net Position provides information about the Department's assets and liabilities and reflects the financial position as of June 30, 2016. The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenue activity and the expenses related to such activity for the twelve-month period ended June 30, 2016. The Statement of Cash Flows outlines the cash inflows and outflows relating to the operations for the same twelve-month period. The financial statements also include "notes" that provide additional information that is essential to a full understanding of the data provided in the statements. These statements provide current and noncurrent information about ABC's financial position.

FINANCIAL ANALYSIS

- ABC ended Fiscal Year 2016 with a total of \$93.5 million in current assets including \$66.6 million in inventory of alcohol merchandise for resale, a \$5.2 million increase in inventory over Fiscal Year 2015. The increase in inventory is primarily a result of the Advance Buy of inventory and the addition of eight new stores. ABC does not purchase the alcohol in its warehouse until it is being shipped to one of its stores. At periodic times throughout the year, vendors offer ABC an opportunity to purchase the inventory that ABC has in its warehouse, prior to the vendor implementing a price increase, called an Advance Buy. At the end of June (Fiscal Year 2016), ABC purchased an additional \$5.3 million of alcohol that was in its warehouse using the Advance Buy. This results in significant savings to the agency, increased profits for the Commonwealth, and a higher inventory value at year-end.
- Current and other assets increased \$25.2 million from last fiscal year, primarily due to the \$5.3 million increase in inventory value (described above) and \$19.90 million due to the financial interactions with the Commonwealth of Virginia's new financial system (Cardinal). Cardinal utilizes the modified accrual accounting, while the previous system (CARS) utilized the cash basis. This has resulted in a timing difference that has the effect of higher cash balances and higher liability balances for ABC at year-end.
- Net Capital Assets decreased by \$1.3 million over Fiscal Year 2015 primarily due to the completion of the Point of Sale (POS) project that was transferred from Construction in Progress (CIP) to Depreciable Capital Assets.
- Deferred Outflows of Resources increased by \$1.5 million over Fiscal Year 2015. The increase is due to ABC's portion of the Virginia Retirement System (VRS) unfunded pension liability of the Commonwealth.

Net Position	Fiscal Year 2016	Fiscal Year 2015	Change
Current and other assets	\$93,479,636	\$68,294,857	\$25,184,779
Capital assets, net	10,325,665	11,623,322	(1,297,657)
Deferred Outflows of Resources	8,732,374	7,272,072	1,460,302
Total assets and deferred outflows	112,537,675	87,190,251	25,347,424
Current liabilities	100,260,728	75,689,962	24,570,766
Noncurrent liabilities	79,554,450	72,817,067	6,737,383
Deferred Inflows of Resources	5,256,000	11,521,000	(6,265,000)
Total liabilities and deferred inflows	185,071,178	160,028,029	25,043,149
Net position:			
Net Investment in capital assets	10,325,665	11,623,322	(1,297,657)
Unrestricted	(82,859,168)	(84,461,099)	1,601,931
Total net position	\$(72,533,503)	\$(72,837,777)	\$304,274

DISCUSSION AND ANALYSIS, *continued*

- Current Liabilities increased by \$24.6 million primarily due to the financial interactions with the Commonwealth's Cardinal financial system (described above).
- Noncurrent Liabilities increased by \$6.7 million primarily due to ABC's portion of the Virginia Retirement System (VRS) unfunded pension liability of the Commonwealth.
- Deferred Inflows of Resources decreased by \$6.3 million from the prior Fiscal Year, due to the effects of the VRS pension entries for GASB 68 (see Note 9).
- ABC lacks working capital (current assets in excess of current liabilities) to fund all business needs at year-end including accelerated payments of taxes and profits before June 30. Given this periodic lack of necessary working capital, ABC depends on a \$60.0 million line of credit with the State Comptroller to meet day-to-day operations. At June 30, 2016, the amount borrowed was \$23.7 million. (see Note 4)

Revenue: The vast majority of ABC's revenues come from the sale of alcoholic beverages. These revenues are achieved through the 359 state-run stores located throughout the state. Gross sales including state tax on sales in Fiscal Year 2016 reached an all time high of \$897.8 million, up \$49.7 million over Fiscal Year 2015. The gross revenue after state tax on sales of alcohol increased from \$708.4 million to \$749.9 million or 5.9%. License and permit fees increased from \$13.0 million to \$13.3 million or 2.6%. Wine wholesalers tax, mixed beverage taxes on common carriers, and federal grants and contracts increased over last year but there was a decrease in sales of lottery tickets and penalty fees collected. Miscellaneous revenue has increased by \$0.3 million primarily due to an insurance recovery.

Operating Revenues	Fiscal Year 2016	Fiscal Year 2015	Change
Sales of alcohol	\$749,874,311	\$708,413,271	\$41,461,040
Sales of lottery tickets	2,204,199	2,336,382	(132,183)
License and permit fees	13,304,832	12,967,544	337,288
Wine wholesalers tax	4,295,718	4,259,463	36,255
Penalties	816,695	1,041,342	(224,647)
Federal grants and contracts	280,007	239,915	40,092
Mixed beverage tax on common carriers	25,039	22,103	2,936
Miscellaneous	1,144,972	795,756	349,216
Net operating revenues	\$771,945,773	\$730,075,776	\$41,869,997

Expenses: In Fiscal Year 2016, operating expenses (not including cost of sales for alcohol and lottery) increased from \$165.5 million to \$173.2 million, an increase of 4.6%. Approximately 71.1% of ABC's total expenses are for the cost of sales of distilled spirits and mixers sold through ABC stores and less than 0.4% for lottery cost of sales. Following cost of merchandise is personal services, which accounts for 17.0% of total expenses. The remaining 11.6% is made up of Contractual Services (e.g. Virginia Information Technology Agency (VITA) Infrastructure Services), Continuous Charges (e.g. Store Rentals) and other miscellaneous charges. Personal Services costs increased primarily due to increased wage expense directly correlated to the addition of eight new stores and higher sales volumes throughout all stores. Continuous Charges increased by \$1.3 million over the prior year primarily due to an increase in building rentals due to standard contractual increases in rent as well as the addition of eight new stores. Contractual Services increased by \$2.0 million primarily due to additional credit card fees and additional VITA Infrastructure costs.

DISCUSSION AND ANALYSIS, *continued*

Operating Expenses	Fiscal Year 2016	% Expenses FY16	Fiscal Year 2015	Change
Cost of sales, alcohol	\$431,328,614	71.1%	\$409,991,902	\$21,336,712
Cost of sales, lottery	2,128,861	0.4%	2,224,026	(95,165)
	433,457,475	71.5%	412,215,928	21,241,547
Personal services	102,977,281	17.0%	99,345,269	3,632,012
Continuous charges	29,278,603	4.8%	27,954,258	1,324,345
Contractual services	31,215,352	5.1%	29,216,426	1,998,926
Supplies and materials	3,272,558	0.5%	3,393,215	(120,657)
Depreciation	2,580,090	0.4%	2,664,489	(84,399)
Expendable equipment	2,986,732	0.5%	2,258,331	728,401
Other	856,410	0.1%	661,649	194,761
	173,167,026	28.5%	165,493,637	7,673,389
Net operating expenses	\$606,624,501	100.0%	\$577,709,565	\$28,914,936

- ABC's operating expenses are driven by sales. Although ABC's operating expenses increased by 5.0%, they actually decreased as a percentage of sales. ABC had marginal decreases in three of our four main cost drivers as a percentage of sales. In Fiscal Year 2016, Cost of Goods Sold (as a percentage of sales) for alcohol decreased by 0.6%, Personal Service Cost had a 2.1% decrease, Continuous Charges had a 1.1% decrease, and Contractual Services had a 0.9% increase compared to Fiscal Year 2015. The increase in Contractual Services is a result of increases in VITA Infrastructure cost in Fiscal Year 2016.

Operating Expenses as a Percentage of Sales	Fiscal Year 2016	% of Sales	Fiscal Year 2015	% of Sales	Change (%)
Sales - Alcohol	\$749,874,311		\$708,413,271		
Cost of Goods - Alcohol	431,328,614	57.5%	409,991,902	57.9%	-0.6%
Personal Services Cost	102,977,281	13.7%	99,345,268	14.0%	-2.1%
Continuous Services	29,278,603	3.9%	27,954,258	3.9%	-1.1%
Continuous Services	31,215,352	4.2%	29,216,426	4.1%	0.9%

FINANCIAL ANALYSIS

Profits: Prior to the statutory distribution of quarterly net profits to the General Fund, transfers required in the Appropriation Act for each fiscal year must be executed. In Fiscal Year 2016, approximately \$68 million of the agency's \$164.9 million in net profits were transferred to other state agencies. The majority, \$65.4 million, transfers to the Department of Behavioral Health and Developmental Services incurred for care, treatment, study and rehabilitation of alcoholics. The remaining \$96.9 million was distributed to the General Fund in accordance with the Code of Virginia.

Revenues, Expenses and Change in Net Position	Fiscal Year 2016	Fiscal Year 2015	Change
Net operating revenues	\$771,945,773	\$730,075,776	\$41,869,997
Total operating expenses	606,624,500	577,709,565	28,914,935
Non-operating revenues / (expenses)	(128,586)	130,466	(259,052)
Net profit before transfers	165,192,687	152,496,677	12,696,010
Transfers of profit to the General Fund of the Commonwealth	(96,860,303)	(84,572,527)	(12,287,777)
Appropriation Act transfers	(68,028,110)	(67,465,310)	(562,800)
Total transfers	(164,888,413)	(152,037,837)	(12,850,577)
Net increase after transfers	304,274	458,840	(154,567)
Total net position – beginning	(72,837,777)	1,745,383	(74,583,160)
Net effect of change in Accounting Principle	–	(75,042,001)	75,042,001
Total net position - ending	\$(72,533,503)	(\$72,837,777)	\$304,274

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- In Fiscal Year 2017, ABC expects to see a slight increase in the retail sales sector, and will continue to monitor mixed beverage licensee sales. ABC is currently forecasting gross sales, including state tax on sales, of \$935.9 million, a 4.3% increase over Fiscal Year 2016.
- ABC expects expenses to continue to increase in Fiscal Year 2017. Expenses such as store rents will increase because of contractual escalation clauses and the addition of new stores. Employer portion of health insurance cost will also increase about 9.5% over Fiscal Year 2016. ABC also expects an increase in logistics related expenses, such as additional staff and freight charges, due to the continued expansion of stores and increasing sales volume. The expectation for significant and continued investment in information technology continues as ABC advances existing and future systems and associated infrastructure.
- Appropriation Act profit transfer requirements for Fiscal Year 2017 are \$152.4 million. Risks include economic declines and weather fluctuations, particularly during the holiday season, unforeseen increases in expenses as ABC transitions from a state agency to an Authority, projected increases in expenses in improving information technology infrastructure and related audit points, and the central office and warehouse facility reaching capacity.
- The General Assembly approved multiple projects to upgrade ABC's infrastructure and further invest in business operations. These projects include the implementation of retail and marketing strategies to increase customer service and enhance revenue, increased website capabilities, the procurement of a new financial system, the procurement of a new licensing management system, and the upgrade of electrical circuitry in agency facilities. These projects are a considerable undertaking, but are imperative to further solidify ABC as a continued source of significant revenue for the Commonwealth.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 3, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
And Review Commission

Alcoholic Beverage Control Board
Department of Alcoholic Beverage Control

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

We have audited the accompanying financial statements of the Department of Alcoholic Beverage Control as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards

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require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Alcoholic Beverage Control as of June 30, 2016, and the changes in financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the basic financial statements of the Department are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and the aggregate remaining fund information of the Commonwealth of Virginia that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the Commonwealth of Virginia's overall financial position as of June 30, 2016, and the changes in its financial positions and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 40 through 44, the Schedule of Employer's Share of Net Pension Liability on page 68, the Schedule of Employer Contributions on page 69,

and the Notes to Required Supplementary Information on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

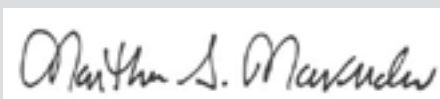
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The departmental highlights and financial reports sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The departmental highlights and financial reports sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2016, on our consideration of the Department of Alcoholic Beverage Control's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Department's internal control over financial reporting and compliance.



AUDITOR OF PUBLIC ACCOUNTS

KKH/clj

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL**STATEMENT OF NET POSITION — As of June 30, 2016****ASSETS**

Current assets:

Cash and cash equivalents (Note 2 and 7)	\$ 19,424,706
Petty cash	200,000
Receivables	4,396,409
Inventory - Alcohol (Note 1 and 11)	66,629,085
Inventory - Lottery tickets	70,178
Prepaid insurance expenses	2,206,466
Prepaid other expenses	552,792

Total current assets 93,479,636

Noncurrent assets:

Nondepreciable capital assets (Note 3)	1,827,702
Depreciable capital assets, net (Note 3)	8,376,992
Construction-in-progress (Note 3)	120,971

Total noncurrent assets 10,325,665

DEFERRED OUTFLOWS OF RESOURCES (Note 9) 8,732,374

Total assets and deferred outflows of resources 112,537,675

LIABILITIES

Current liabilities:

Accounts payable	51,335,738
Unearned revenue	303,992
Due to Commonwealth of Virginia (Note 4)	45,376,739
Obligations under securities lending (Note 7)	134,695
Compensated absences payable (Note 6)	3,109,563

Total current liabilities 100,260,727

Noncurrent liabilities:

Compensated absences payable (Note 6)	2,229,450
Net Pension Liability (Note 9)	77,325,000

Total noncurrent liabilities 79,554,450

DEFERRED INFLOWS OF RESOURCES (Note 9) 5,256,000

Total liabilities and deferred inflows of resources 185,071,177

NET POSITION

Net Investment in Capital Assets	10,325,665
Unrestricted net position	(82,859,168)

Total net position \$ (72,533,503)

The accompanying Notes to Financial Statements are an integral part of this statement.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2016



Operating revenues:	
Sales of alcohol	\$ 749,874,311
Sales of lottery tickets	2,204,199
License and permit fees	13,304,832
Wine wholesalers tax	4,295,718
Penalties	816,695
Federal grants and contracts	280,007
Mixed beverage tax on common carriers	25,039
Miscellaneous	<u>1,144,972</u>
Total operating revenues	<u>771,945,773</u>
Operating expenses:	
Cost of sales of alcohol	431,328,614
Cost of sales of lottery tickets	2,128,861
Personal services	102,977,280
Continuous charges	29,278,603
Contractual charges	31,215,352
Supplies and materials	3,272,558
Depreciation and amortization	2,580,090
Expendable equipment	2,986,732
Other	856,410
Total operating expenses	<u>606,624,500</u>
Operating income	<u>165,321,273</u>
Nonoperating revenues (expenses):	
Rents	31,559
Income from security lending transactions (Note 7)	3,320
Expenses from security lending transactions (Note 7)	(3,320)
Interest income (expense)	64,013
Seized assets	<u>(224,158)</u>
Total nonoperating revenues (expenses)	<u>(128,586)</u>
Net profit before transfers	<u>165,192,687</u>
Transfers out:	
Transfers of profits to the General Fund of the Commonwealth	(96,860,303)
Appropriation Act transfers	<u>(68,028,110)</u>
Total transfers	<u>(164,888,413)</u>
Net Increase after transfers	304,274
Total net position - July 1, 2015	<u>(72,837,777)</u>
Total net position - June 30, 2016	<u>\$ (72,533,503)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

STATEMENT OF CASH FLOWS—For the Year Ended June 30, 2016

Cash flows from operating activities:	
Cash received from sales	\$ 752,788,301
Cash received from licenses and fees	13,307,018
Cash received from other revenue	5,816,896
Cash payments for cost of sales	(418,466,359)
Cash payments for personal services	(103,515,916)
Cash payments for other expenses	<u>(67,457,570)</u>
Net cash provided by operating activities	<u>182,472,370</u>
Cash flows from noncapital financing activities:	
Note payable to the Commonwealth	23,749,170
Due to the Commonwealth repayments	(31,065,279)
Cash received from nonoperating activities	31,559
Cash disbursed from nonoperating activities	(224,158)
Cash received from taxes	225,364,250
Transfers of tax collections to the General Fund of the Commonwealth	(185,082,948)
Transfers of tax collections to the Department of Taxation	(41,280,779)
Transfers of profit to the General Fund of the Commonwealth	(86,500,000)
Appropriation Act transfers	<u>(68,028,110)</u>
Net cash used for noncapital financing activities	<u>(163,036,295)</u>
Cash flows from capital and related financing activities:	
Construction in-progress	3,119,674
Acquisition of equipment	(4,404,393)
Sale of depreciable assets	2,286
Interest Income	67,935
Note payable interest payments	<u>(3,921)</u>
Net cash used for capital financing activities	<u>(1,218,419)</u>
Net Increase in cash and cash equivalents	18,217,656
Cash and cash equivalents - July 1, 2015	<u>1,272,355</u>
Cash and cash equivalents - June 30, 2016	<u><u>\$19,490,011</u></u>
Reconciliation of cash and cash equivalents	
Cash and cash equivalents	19,424,706
Petty cash	200,000
Securities lending cash equivalents	<u>(134,695)</u>
	<u><u>\$19,490,011</u></u>
Reconciliation of net profit to net cash provided by operating activities:	
Operating income	165,321,273
Adjustments to reconcile net profit to net cash provided by operating activities:	
Depreciation and amortization	2,580,089
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Increase in accounts receivable	(35,745)
Increase in inventory	(5,134,051)
Decrease in compensated absences	(106,394)
Increase in accounts payable	22,161,528
Increase in prepaid items	(1,712,215)
Increase in unearned revenue	2,187
Decrease in deferred outflows	<u>(604,302)</u>
Net cash provided by operating activities	<u><u>\$ 182,472,370</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Reporting Entity**

The Department of Alcoholic Beverage Control administers ABC laws with an emphasis on public service and a focus on public safety by ensuring a safe, orderly, and regulated system for convenient distribution and responsible consumption of alcoholic beverages while generating a reasonable profit for the Commonwealth.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority or is the recipient of their services and/or benefits. The Department is an agency of the Commonwealth of Virginia and is included in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

B. Fund Accounting

The activities of the Department are accounted for in an enterprise fund. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis, including depreciation and amortization, be financed or recovered primarily through user charges.

C. Basis of Accounting

The Department's records are maintained on the accrual basis, with an economic resources measurement focus, whereby revenues are recognized when earned and expenses are recognized when the liability is incurred.

Operating revenues and expenses include exchange activities related to the sale of alcohol and licenses, as well as enforcement activities. Nonoperating revenues and expenses include activities that have the characteristics of noncapital financing activities, such as the collection of rent, as defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34.

D. Inventories

Merchandise inventory, purchased for resale, is valued at average cost, which is lower than market value.

E. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

F. Deferred Outflows of Resources

Deferred outflows of resources are the consumption of assets applicable to a future reporting period and increase net position similar to assets.

G. Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of assets that are applicable to a future reporting period and decrease net position similar to liabilities.

2. CASH WITH THE TREASURER OF VIRGINIA

All state funds of the Department are held by the Treasurer of Virginia, pursuant to Section 2.2-1800, et. seq., Code of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Each fund's equity in pooled state funds is reported as "Cash and Cash Equivalents" on the Statement of Net Position and is not categorized as to credit risk.

3. CAPITAL ASSETS

The following schedule presents the changes in capital assets by category:

	Balance at July 01, 2015	Acquired	Deleted	Balance at June 30, 2016
Nondepreciable capital assets				
Land	1,827,702	-	-	1,827,702
Construction in-progress	3,240,644	615,417	(3,735,091)	120,970
Total nondepreciable capital assets	\$ 5,068,346	\$ 615,417	\$ (3,735,091)	\$ 1,948,672
Depreciable capital assets				
Buildings	9,571,382	-	-	9,571,382
Equipment	34,942,528	669,302	(406,574)	35,205,256
Intangibles	3,167,641	3,735,091	-	6,902,732
Total depreciable capital assets	\$ 47,681,551	\$ 4,404,393	\$ (406,574)	\$ 51,679,370
Less accumulated depreciation				
Buildings	9,342,485	12,552	-	9,355,037
Equipment	30,863,987	1,857,504	(404,288)	32,317,203
Intangibles	920,103	710,034	-	1,630,137
Total accumulated depreciation	\$ 41,126,575	\$ 2,580,090	\$ (404,288)	\$ 43,302,377
Depreciable capital assets, net	\$ 6,554,976	\$ 1,824,303	\$ (2,286)	\$ 8,376,993
Total capital assets, net	\$ 11,623,322	\$ 2,439,720	\$ (3,737,377)	\$ 10,325,665

The Department capitalizes all property, plant, and equipment that have a cost or value equal to or greater than \$5,000. The Department capitalizes all intangibles that have a cost or value equal to or greater than \$100,000. Property, plant, equipment, and intangibles are stated at cost and at the time of acquisition are set up in a comprehensive capital asset system. Depreciation of the cost of property, plant, equipment, and intangibles are provided on a straight-line basis over their estimated lives of from ten to thirty years on buildings, from three to eight years on equipment, and from three to five years on intangibles. Intangible assets are defined as assets that lack physical substance, are non-financial in nature and useful lives or benefit period exceed one or more years. Examples of intangible assets are: software, land use rights (right-of-ways) and intellectual property (patents, copyrights and trademarks).

4. DUE TO THE COMMONWEALTH**A. Note Payable**

The Department has a line of credit for \$60,000,000 with the Treasurer of Virginia. Repayment is made from revenue collections pursuant to Title 4.1, Chapter 1 of the Code of Virginia. As of June 30, 2016, the Department had outstanding \$23,749,170 of its available line of credit to extinguish a cash overdraft.

The following schedule presents the changes in short term debt activity:

<u>Balance at July 01, 2015</u>	<u>Acquired</u>	<u>Deleted</u>	<u>Balance at June 30, 2016</u>
\$31,065,279	\$23,749,170	\$(31,065,279)	\$23,749,170

B. General Fund

The Department collects certain taxes on behalf of the General Fund of the Commonwealth. The state tax on sales is collected from store sales and is paid quarterly to the General Fund of the Commonwealth. The liter tax is collected on wholesalers' direct wine shipments. The 2016 Virginia Acts of Assembly required \$9,141,363 of the gross liter tax to be transferred to the General Fund for expenses incurred for care, treatment, study, and rehabilitation of alcoholics by the Department of Behavioral Health and Development Services and other state agencies. Of the remaining liter tax, twelve percent is retained by the Department and reported as wine wholesalers' tax on the Department's financial statements. The remaining eighty-eight percent is paid to the General Fund of the Commonwealth quarterly. Collections and transfers of state tax on sales and liter tax are not reported on the Statement of Revenues, Expenses, and Changes in Net Position. Activity relating to the amounts due to the General Fund for the year ended June 30, 2016, is summarized below.

	<u>State Tax on Sales</u>	<u>Liter Tax on Wine</u>	<u>Total</u>
Balance due to the General Fund, July 1, 2015	\$2,250,486	\$1,172,840	\$3,423,326
Receipts for fiscal year	147,812,928	36,208,113	184,021,041
Transfers to the General Fund	(147,892,276)	(37,190,671)	(185,082,947)
Balance due to the General Fund, June 30, 2016	<u>\$2,171,138</u>	<u>\$190,282</u>	<u>\$2,361,420</u>

C. Department of Taxation – Sales Tax

The Department collects sales tax on all sales of alcohol and remits collections monthly to the Department of Taxation. Sales tax collections and transfers are not reported on the Statement of Revenues, Expenses, and Changes in Net Position. Activity relating to the amounts due to the Department of Taxation for the year ended June 30, 2016, is summarized below.

Balance due to the Department of Taxation, July 1, 2015	\$465,727
Sales Tax Collections	41,343,208
Transfers to the Department of Taxation	(41,280,779)
Balance due to the Department of Taxation, June 30, 2016	<u><u>\$528,156</u></u>

D. Earned Surplus

The Appropriation Act, Chapter 665 of the 2016 Acts of Assembly, requires the Department to transfer an estimate of its fourth quarter profits in the month of June. In accordance with the Alcoholic Beverage Control Act, Section §4.1-116 of the Code of Virginia, the Department transfers any additional net profit to the General Fund of the Commonwealth 50 days after the last day of the quarter. The Department underestimated profit for the fourth quarter resulting in an additional \$18,737,992 due to the General Fund at June 30, 2016.

5. LEASE COMMITMENTS

The Department is committed under various operating lease agreements for retail store buildings. Rent expense under operating lease agreements amounted to \$ 24,716,629 for the year. A summary of future obligations under lease agreements as of June 30, 2016, follows.

Year Ending June 30,	
2017	\$21,732,117
2018	17,905,125
2019	14,189,966
2020	10,462,423
2021	7,089,589
2022 – 2026	13,173,958
Total Obligations	<u><u>\$84,553,178</u></u>

6. COMPENSATED ABSENCES

Compensated absences reflected in the Statement of Net Position represent the amounts of vacation, sick, and compensatory leave earned by employees of the Department, but not taken at June 30, 2016. The amount reflects all earned vacation, sick, and compensatory leave payable under the Commonwealth of Virginia's leave payout policies. Information on the Commonwealth's leave payout policies is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

Balance at July 01, 2015	Short Term Increase	Long Term Decrease	Balance at June 30, 2016	Amounts due within one year
\$5,445,407	\$277,223	\$(383,617)	\$5,339,013	\$3,109,563

7. SECURITIES LENDING TRANSACTIONS

Investments held by the Treasurer of Virginia represent the Department's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

8. COLLECTIONS OF MALT BEVERAGE TAX

During the year ended June 30, 2016, the Department earned \$43,181,973 in malt beverage taxes. These funds are deposited by the Department directly with the Treasurer of Virginia for credit to the General Fund of the Commonwealth and are not available to the Department to meet current operating needs and are not included in the financial statements.

9. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS

The employees of the Department are employees of the Commonwealth. The employees participate in either a defined benefit plan or a hybrid plan, both administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health related plans for retired employees. Information related to these plans is available on a statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth, not the Department, has overall responsibility for contributions to these plans.

Plan Description

"All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan— Plan 1, Plan 2, and, Hybrid and two different benefit structures for covered employees in the VaLORS Retirement Plan— Plan 1 and Plan 2. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in this year's notes found on pages 57-66.

9. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS *(continued)***Retirement Plan Provisions By Plan Structure****About Plan 1**

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Eligible Members

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

Retirement Contributions

State employees, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Creditable Service

Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

Calculating the Benefit

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Retirement Plan Provisions By Plan Structure *(continued)* — **About Plan 1****Service Retirement Multiplier**

- **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%.
- **VaLORS:** The retirement multiplier for VaLORS employees is 1.70% or 2.00%.

Normal Retirement Age

- **VRS:** Age 65.
- **VaLORS:** Age 60.

Earliest Unreduced Retirement Eligibility

- **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.
- **VaLORS:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility

- **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- **VaLORS:** 50 with at least five years of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Retirement Plan Provisions By Plan Structure *(continued)* — **About Plan 1****Purchase of Prior Service**

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

About Plan 2

Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Eligible Members

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

Retirement Contributions

State employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.

Creditable Service

Same as Plan 1 (page 56).

Vesting

Same as Plan 1 (page 56).

Calculating the Benefit

See definition under Plan 1 (page 56).

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

- **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
- **VaLORS:** The retirement multiplier for VaLORS employees is 2.00%.

Normal Retirement Age

- **VRS:** Normal Social Security retirement age.
- **VaLORS:** Same as Plan 1 (page 57).

Retirement Plan Provisions By Plan Structure *(continued)* — **About Plan 2****Earliest Unreduced Retirement Eligibility**

- **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.
- **VaLORS:** Same as Plan 1 (page 57).

Earliest Reduced Retirement Eligibility

- **VRS:** Age 60 with at least five years (60 months) of creditable service.
- **VaLORS:** Same as Plan 1 (page 57).

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility: Same as Plan 1 (page 57).

Exceptions to COLA Effective Dates: Same as Plan 1 (page 57).

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service: Same as Plan 1 (page 58).

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")

- The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1–April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

***Non-Eligible Members**

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the Virginia Law Officers' Retirement System (VaLORS)

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Retirement Plan Provisions By Plan Structure *(continued)* — **About Hybrid Retirement Plan****Retirement Contributions**

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Creditable Service**Defined Benefit Component:**

Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting**Defined Benefit Component:**

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

Calculating the Benefit

Defined Benefit Component: See definition under Plan 1 (page 56).

Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Retirement Plan Provisions By Plan Structure *(continued)* — **About Hybrid Retirement Plan****Service Retirement Multiplier****Defined Benefit Component:**

- **VRS:** The retirement multiplier for the defined benefit component is 1.0%.
For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
- **VaLORS:** Not applicable.

Defined Contribution Component: Not applicable.

Normal Retirement Age**Defined Benefit Component:**

- **VRS:** Same as Plan 2.
- **VaLORS:** Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility**Defined Benefit Component:**

- **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.
- **VaLORS:** Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility**Defined Benefit Component:**

- **VRS:** Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
- **VaLORS:** Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component: Same as Plan 2.

Defined Contribution Component: Not applicable.

Eligibility: Same as Plan 1 and Plan 2 (page 57).

Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2 (page 57).

Disability Coverage

State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Retirement Plan Provisions By Plan Structure (continued) — About Hybrid Retirement Plan**Purchase of Prior Service**

Defined Benefit Component: Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.
- The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost./After that on-year period, the rate for most categories of service will change to actuarial cost.

Defined Contribution Component: Not applicable.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Beginning July 1, 2012 state employees were required to pay the 5.00% member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each state agency's contractually required contribution rate for the year ended June 30, 2016 was 12.33% of covered employee compensation for employees in the VRS State Employee Retirement Plan for July 2015, 13.28% for August 2015 and 14.22% for September 2015 through June 2016. For employees in the VaLORS Retirement Plan, the contribution rate was 17.67% of covered employee compensation for July 2015, 18.34% for August 2015 and 19.00% for September 2015 through June 2016. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the VRS State Employee Retirement Plan was 15.80% and the actuarial rate for VaLORS Retirement Plan was 21.06%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions for the VRS State Employee Retirement Plan were funded at 78.02% of the actuarial rate and the contributions for the VaLORS Retirement Plan were funded at 83.88% of the actuarial rate for the year ended June 30, 2016. Additional funding provided by the General Assembly moved the contribution rates to 90% of the actuarial rate by September 2015 and for the remainder of FY 2016. Contributions from the state agency to the VRS State Employee Retirement Plan were \$ 5,753,321 and \$ 4,863,085 for the years ended June 30, 2016 and June 30, 2015, respectively. Contributions from the state agency to the VaLORS Retirement Plan were \$1,160,053 and \$1,189,987 for the years ended June 30, 2016 and June 30, 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the state agency reported a liability of \$ 63,182,000 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$ 14,143,000 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The state agency's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the state agency's proportion of the VRS State Employee Retirement Plan was 1.03195% as compared to 1.01341% at June 30, 2014. At June 30, 2015, the state agency's proportion of the VaLORS Retirement Plan was 1.99000 % as compared to 1.99811% at June 30, 2014.

For the year ended June 30, 2016, the state agency recognized pension expense of \$ 4,596,000 for the VRS State Employee Retirement Plan and \$1,430,000 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

9. PENSION PLAN AND OTHER POST RETIREMENT BENEFITS *(continued)*

At June 30, 2016, the state agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$455,000	\$69,000
Change in assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	5,144,000
Changes in proportion and differences between		
Employer contributions and proportionate share of contributions	1,364,000	43,000
Employer contributions subsequent to the measurement date	6,913,374	0
Total	\$8,732,374	\$5,256,000

\$6,913,374 reported as deferred outflows of resources related to pensions resulting from the state agency's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30

2017	\$(1,244,000)
2018	(1,353,000)
2019	(1,747,000)
2020	907,000

Actuarial Assumptions

The total pension liability for the **VRS State Employee Retirement Plan** was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

* *Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.*

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females were set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The total pension liability for the **ValORS Retirement Plan** was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 4.75 percent
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

**Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.*

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 5 years and females were set back 3 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with females set back 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustment to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2015, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$22,521,130	\$1,902,051
Plan Fiduciary Net Position	16,398,575	1,191,353
Employers' Net Pension Liability (Asset)	<u>\$6,122,555</u>	<u>\$710,698</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.81%	62.64%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
	<u>100.00%</u>		<u>5.83%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the state agency for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the state agency's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
State agency's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$90,748,000	\$63,182,000	\$ 40,065,000

The following presents the state agency's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 7.00%, as well as what the state agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
State agency's proportionate share of the VaLORS, VaLORS Retirement Plan Net Pension Liability	\$19,228,000	\$14,143,000	\$9,958,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded at www.varetire.org/Pdf/Publications/2014-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

10. RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department of Alcoholic Beverage Control participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Department of Alcoholic Beverage Control pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

11. CONTINGENT LIABILITIES**A. Legal Proceedings**

The Department is named as a party in several legal proceedings. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Department in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material, adverse effect on the financial condition of the Department.

B. Bailment Inventory

The Department houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by the Department or returned to the supplier. The Department uses the bailment system for payment of merchandise for resale. The Department initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. At June 30, 2016, the bailment inventory was valued at \$40,632,110.



**VIRGINIA ABC
AT A GLANCE**

AGENCY OFFERS FIRST SUPERVISOR ACADEMY

Virginia ABC expanded its leadership training to include an exclusive program for supervisors and managers. Following a pilot program for 18 managers in March, the Human Resources Division launched its Supervisor Academy in June.

The academy provided participants with the tools and resources necessary to enhance their knowledge and skills in the methods they use to communicate with and supervise others.

Seven adjunct instructors from Community College Workforce Alliance taught six classes during the training event. Topics included principles of effective communication, communicating difficult information, strategies for coaching, dealing with difficult people, performance management and motivating and empowering others. Participants reported feeling engaged and empowered following completion of the academy.



More than 70 supervisors and managers from all areas of the agency participated in the three-day training event held on the campus of J. Sargeant Reynolds Community College in Richmond.

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL**Required Supplementary Information (RSI)**

*Cost-Sharing Employer Plans: VRS State Employee Retirement Plan and
VaLORS Retirement Plan — For the Fiscal Year Ended June 30, 2016*

**Schedule of Employer's Share of Net Pension Liability VRS State Employee Retirement Plan
For the Year Ended June 30, 2016 and 2015 ***

	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.03%	1.01%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$63,182,000	\$56,734,000
Employer's Covered-Employee Payroll	\$39,813,992	\$39,286,362
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	158.69%	144.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.81%	74.28%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

** The amounts presented have a measurement date of the previous fiscal year end.*

**Schedule of Employer's Share of Net Pension Liability VaLORS Retirement Plan
For the Year Ended June 30, 2016 and 2015 ***

	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	1.99%	2.00%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$14,143,000	\$13,470,000
Employer's Covered-Employee Payroll	\$6,734,463	\$6,916,426
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	210.01%	194.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.64%	63.05%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

** The amounts presented have a measurement date of the previous fiscal year end.*

DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL**Required Supplementary Information (RSI)**

*Cost-Sharing Employer Plans: VRS State Employee Retirement Plan and
VaLORS Retirement Plan — For the Fiscal Year Ended June 30, 2016*

**Schedule of Employer Contributions
VRS State Employee Retirement Plan
For the Years Ended June 30, 2015 through 2016**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2016	5,753,321	5,753,321	0	41,564,222	13.84%
2015	4,863,085	4,863,085	0	39,813,992	12.21%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

**Schedule of Employer Contributions
VaLORS Retirement Plan
For the Years Ended June 30, 2015 through 2016**

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2016	1,160,053	1,160,053	0	6,172,009	18.80%
2015	1,189,987	1,189,987	0	6,734,463	17.67%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions

The following changes in actuarial assumptions were made for the VRS – State Employee Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of withdrawals for less than 10 years of service
- Decrease in rates of male disability retirement
- Reduce rates of salary increase by 0.25% per year

The following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for females under 10 years of service
- Increase in rates of disability
- Decrease service related disability rate from 60% to 50%



Store customers developed an
immediate affinity
for the inaugural issue
of the magazine, and an
initial press run
of 14,000 copies
in July proved inadequate.



Photos: During the fiscal year, the four issues of the magazine included 18 feature stories showcasing nearly 150 products by specific name and more than 50 color photographs, many taken by the agency's own photographer. The magazine grew from an original 56-page publication to a 68-page one.

Agency Launches New Magazine

Spirited Virginia is a hit with readers

The beginning of the agency's fiscal year coincided with the launch of a new publication as Virginia ABC introduced its Spirited Virginia magazine in July 2015.

The new flagship publication includes feature stories and compelling photography on distilled spirits, cocktail recipes and the agency's quarterly price list. The magazine also contains a complete listing of contact information for all stores in alphabetic order by city/town.

Spirited Virginia was published quarterly in July, October, January and April to correspond with the introduction of new products on store shelves. The new magazine replaced the former Virginia Wine & Liquor Quarterly, commonly referred to as the agency's "price list magazine," that targeted the Commonwealth's 5,100 mixed-beverage (restaurant) licensees.

The color magazine is available both in print and online. The digital edition can be found on the Featured Products and Promotions page of the agency's website. Print copies are shipped to every store where each mixed-beverage licensee receives the magazine with their order and the remaining copies are displayed for customers to take.

Store customers developed an immediate affinity for the inaugural issue of the magazine, and an initial press run of 14,000 copies in July proved inadequate. Circulation was increased to 18,000 copies for the second (October) issue to meet the demand and then to 42,000 copies in January. Even with this increase stores still reported running short of magazines.

Virginia ABC publishes the magazine through a partnership with Roanoke-based Leisure Media 360 at no cost to Virginia taxpayers. Financial support for the magazine comes from numerous vendors and brokers who purchase advertisements in the magazine. A Richmond business prints the publication.

A four-member editorial board comprised of employees from the Retail, Communications and Marketing divisions determines the content for each issue.

VIRGINIA ABC AT A GLANCE



Photos (from the top): Students from Norfolk State University show off their College Tour swag during the program's stop at their school.

Special Agent Judy Dobson speaks with an attendee during a career fair at St. Leo University in Newport News.

Employees socialize during the first annual Fall Festival, held as part of the 2015-16 Commonwealth of Virginia Campaign. All proceeds from the event were donated to the Richmond SPCA and the Fisher House Foundation.

Consultants from Human Dynamics Consulting began work with ABC in April 2016 to assist the agency with its transition from an agency to an Authority in 2018.

NEW WEBSITE WINS AWARD

Virginia ABC in conjunction with its CapTech Consulting partner won the Web Marketing Association's 2015 Web Award for Outstanding Achievement in Web Development. The award for Government Standard of Excellence and Shopping Standard of Excellence served as a confirmation that the agency's website is an outstanding tool for customer service, alcohol awareness and more.

COLLEGE TOUR NSU

Virginia ABC kicked off its spring 2016 College Tour at Norfolk State University. College Tour empowers student leaders to talk to their peers about alcohol to promote healthier and safer communities. The agency worked with NSU's Project Choice, an on-campus group dedicated to helping students make healthier choices. The group organized an awareness event where Virginia ABC representatives answered questions and offered resources.

ENFORCEMENT ATTENDS CAREER FAIRS

Virginia ABC's Bureau of Law Enforcement participated in numerous career fairs to raise awareness of the agency and the career opportunities offered in law enforcement. Attendees frequently asked about the responsibilities of the agency's special agents and the multitude of careers available at ABC outside of the bureau.

AGENCY HOSTS FIRST VDA MEETING

On February 18, Virginia ABC hosted the founding meeting of the Virginia Distillery Association. The group held a private meeting of 45 attendees, with roughly half of Virginia's 40 distillers represented. Chairman Painter and COO Hill along with Todd Haymore, then-Secretary of Agriculture and Forestry, each addressed the group. Attendees were given a tour of ABC's warehouse operations and access to Marketing staff and Enforcement special agents for any assistance they needed specific to their individual distillery.

GOVERNOR PRAISES ABC'S CVC DONATIONS

Virginia ABC collected a total of \$31,879 for the 2015 Commonwealth of Virginia campaign as a result of numerous fund raising efforts, direct pledges and more than \$20,000 contributed to collection bins in stores across the commonwealth. Governor Terry McAuliffe and Sara Wilson, Chair of the CVC Advisory Council, recognized the agency for its effort with a Shining Star award for donating 108 percent of their goal for contributions.

ABC INITIATES TRANSITION TO AN AUTHORITY

Virginia ABC launched its transition from an agency to an Authority by hiring Human Dynamics Consulting (HDC) to assist with planning the organizational transformation. Working closely with the board, senior leadership and directors, HDC began a four-month strategic planning process to identify opportunities that will improve the agility, efficiency and profitability of the organization leading up to the agency's transition to an Authority effective July 1, 2018.

DISTILLERY CLASS

Piedmont Virginia Community College, in conjunction with Virginia ABC, offered a new Distillery Start-Up class in October 2015. The day-long course provided participants with a general knowledge of the process for applying for federal permits and state licenses to operate a distillery in Virginia as well as information on the Code of Virginia pertaining to agency stores and tasting events. Presenters included special agents from the Bureau's Compliance Division, ABC staff and a representative from the Alcohol Tax and Trade Bureau. Based on the popularity of the first class, a second class was offered in June.



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